

E I G H T H A N N U A L

Regional Economic Forecast for Southern California 2005 - 2006



The Southern California Trade Rush: 21st Century Gold?

Walt Disney Concert Hall



SOUTHERN CALIFORNIA
ASSOCIATION of GOVERNMENTS

Mission Statement

Leadership

Vision

Progress

Leadership, vision and **progress** which promote economic growth, personal well-being, and livable communities for all Southern Californians.

The Association will accomplish this Mission by:

- ◆ Developing long-range regional plans and strategies that provide for efficient movement of people, goods and information; enhance economic growth and international trade; and improve the environment and quality of life.
- ◆ Providing quality information services and analysis for the region.
- ◆ Using an inclusive decision-making process that resolves conflicts and encourages trust.
- ◆ Creating an educational and work environment that cultivates creativity, initiative, and opportunity.

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This conference is organized and produced by the Community and Economic
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A Message From the President

Southern California faces numerous short-and long-term economic challenges. As we address those challenges, I welcome your participation in the Southern California Association of Governments' eighth annual Regional Economic Forecast Conference. In the interest of future generations, we have started bringing change to the way that local planning and economic decisions are made by providing regional perspectives to those decisions. Strategies aimed at promoting a healthy regional economy are necessary for the successful implementation of government policies in other areas such as transportation, air quality and housing.

This conference is unique. It is the only economic outlook conference in California whose forecasts focus exclusively on the short-term (2005-2006) outlook for the entire Southern California region. As such, they fill a gap between predictions of economic conditions in a single county and forecasts that focus on the outlook for California or the nation. In addition to examining Southern California's short-term economic health, this year's conference focuses on the important role that trade and logistics play in maintaining the region's competitiveness in the global marketplace.

In today's uncertain times, with respect to international affairs, the war on terrorism and domestic issues, global competitiveness will only be achieved and maintained through regional collaboration, both among industry clusters and between policy makers, the business community, academia and the Southern California community at large. Bringing together the resources for this Regional Economic Forecast Conference is part of SCAG's contribution to that collaboration, in partnership with California State University, Long Beach and California State University, Fullerton. We sincerely hope that the forecasts presented here will assist you in your strategic and budget planning in the months and years ahead.

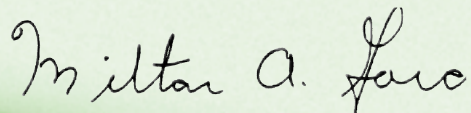


Ron Roberts
President, Southern California Association of Governments
Councilmember, City of Temecula

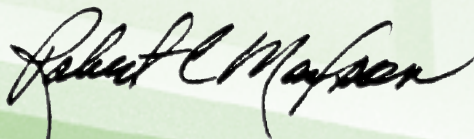
California boasts the world's fifth largest economy and its southern half is a hub of American innovation, research and economic activity. Propelled by industries as diverse as high tech manufacturing, aerospace, tourism, entertainment and international trade, the state is poised to steadily upgrade its status as an economic powerhouse of the 21st century.

The Southern California Association of Governments (SCAG) works to ensure that the region plans accordingly to sustain this vibrant economy and to meet the future needs of its growing population. In conjunction with SCAG, research teams at Southern California universities assemble the data needed to formulate sound public policy for this region of nearly 18 million people living in an area of more than 38,000 square miles.

The entrepreneurial spirit that thrives in Southern California has made it a region known both nationally and internationally as a birthplace of novel ideas. As academic institutions in partnership with the Southern California Association of Governments, we are honored to be a part of this ambitious effort to provide for our collective future.



Dr. Milton A. Gordon
President, California State University, Fullerton



Dr. Robert Maxson
President, California State University, Long Beach





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HOWARD L.
ROTH, PH.D.

Chief Economist,
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The National and California Economies: Is This as Good as It Gets?

On many measures, the national economy has improved considerably in the last year, yet the economy was a big issue in the presidential election. Most of the discontent stemmed from weak labor markets. The hard-hit industrial Midwest lost a lot of good-paying jobs in the last four years, many of them in manufacturing, too many of them gone forever. California job losses were concentrated in high-tech manufacturing and computer-related services. While these job losses have subsided, the jury is still out on how many of them will come back. Some high-paying computer services jobs—here and in the rest of the nation—have been farmed out to overseas workers, adding to the angst of American white-collar workers who never considered that this could happen to them.

Employment has been slow to come back after the recession in good part because the huge amount of capital investment businesses made in the 1990s boosted the productivity of American workers, allowing employers to hold back on hiring additional workers as business improved. Even worse, many of the jobs that have been created in the nation since the end of the recession are in low-paying industries like retail trade and consumer services.

A considerable amount of change has taken place in the national and California economies in the last few years. Some of it stemmed from excesses of the second half of the 1990s. Some goes back farther. One well-known forecasting firm argues that the national economy did not fall into a recession in 2001 from which it continues to recover today. Rather, they maintain that the economy's swing was part of a necessary correction to some huge imbalances that had built up in the second half of the 1990s.

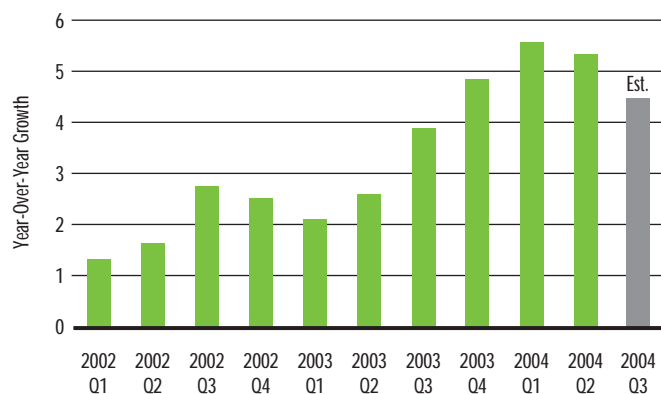
Whatever you call the recent economic past, it is hard to feel comfortable in predicting where the national and California economies are headed today. After a handful of months of improved job growth in the spring and early summer, job gains have shrunk. The Federal Reserve is convinced that the recent weaker numbers will prove temporary and that the recovery will soon accelerate. They have tightened policy three times in the last four months in anticipation of that pickup. But there is plenty to worry about. Oil prices have shot up to record levels since last December. Worse yet, they show no signs of subsiding. And despite a recent rebound, mortgage-refinancing activity—an important support of consumer spending in recent years—is less than half its level in March. Moreover, the stimulative effects of the Bush administration tax cuts seem to have largely dissipated, and the situation in Iraq continues to deteriorate. While a recession does not seem to be in the cards, neither does an appreciable pickup in economic growth.

The National Economy

The improvement in the national economy over the last year is evident in increased growth of economic output. During the four quarters ending with the third quarter of 2004, inflation-adjusted gross domestic product (GDP) grew by 4 percent*. During the preceding four quarters, output expanded by 3.5 percent (Figure 1). Stronger business investment in equipment, software and inventories largely accounted for the faster growth. The gain would have been even bigger except for a quickening of the deterioration of the nation's trade deficit.

Recent monthly statistics suggest that the recovery has decelerated. Manufacturing and construction continue to grow quickly, but less quickly than three or four months ago.

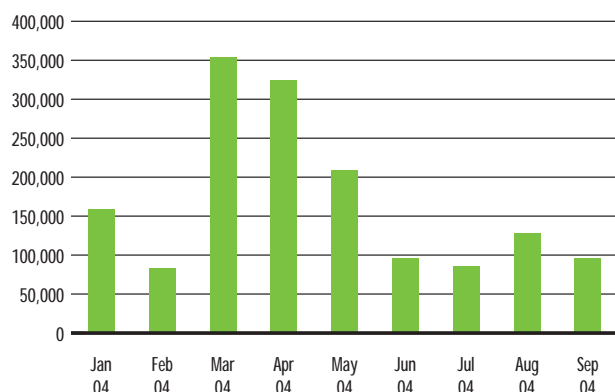
Figure 1
U. S. Real GDP
Percent



Home refinancing activity is considerably below what it was a year ago. Consumer spending increased sharply in July but remained unchanged in August. New orders for capital goods have flattened out. And the leading economic indicators index declined in June, July and August.

The most worrisome news, however, has come in the monthly labor market reports: Job gains in the third quarter of this year averaged only about half those in the first and second quarters—too low to keep up with the growing labor force over the longer run (Figure 2). The Bush administration's 2003 tax cut appeared to give job growth a boost. Nonfarm payroll employment grew by 1.78 million from August 2003 to September 2004, but average monthly gains were considerably smaller in the last four months of that period.

Figure 2
Job Gains Shrink
Change in Nonfarm Payroll Jobs in the Nation in 2004



Economic growth slowed as energy prices shot up and the stimulus from earlier tax cuts weakened. Oil market fundamentals are poor. With its economy growing rapidly, China has become the second-largest importer of oil, squeezing oil supplies around the world. OPEC has very little spare capacity. Higher output would have to come mainly from high-cost, remote, and politically unstable areas in Russia, Central Asia, and West Africa. Attacks on Iraqi oil pipelines and rebel threats against Nigerian oil facilities have highlighted how unreliable those sources are. A quick fix to the oil shortage seems out of the question. Very little was spent in the 1990s on expanding the productivity of old oil fields and finding new fields. It will take time to rectify that.

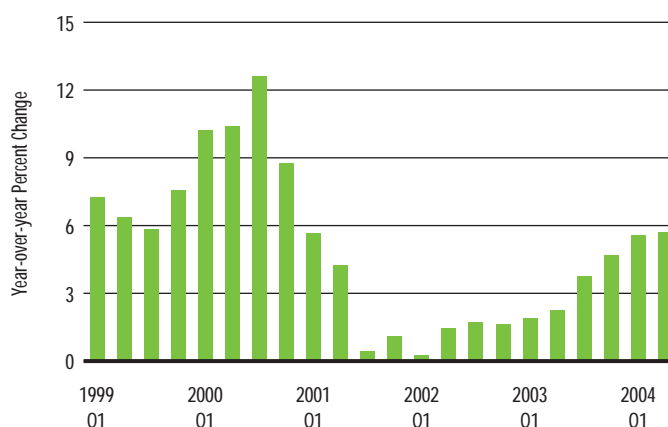
The worsening situation in Iraq poses another risk. Trying to stabilize and rebuild Iraq displaces spending that could have been made in the United States. The longer the situation drags on, the more likely doubts about the economic outlook will creep into the minds of consumers and employers.

The California Economy

The California economy has also improved in the last year. In the second quarter of 2004, personal income—income received by California residents from all sources—was 5.7 percent higher than its level in the second quarter of 2003. A year earlier, personal income was up by only 2.3 percent from a year earlier (Figure 3). That is a considerable acceleration.

Taxable sales also accelerated. Statewide taxable sales were 6.0 percent higher in the first quarter of 2004 than they were a year earlier. In the first quarter of 2003, they were up only 3.5 percent from the first quarter of 2002.

Figure 3
Personal Income Growth in California



Made-in-California merchandise exports began to turn around in the fourth quarter of 2003 after falling 26 percent in the preceding 36 months.

By the first half of 2004, these exports were already 22 percent higher than a year earlier. Exports to mainland China, Singapore, Taiwan, Japan, Hong Kong, France and the United Kingdom were particularly strong in the turnaround. Exports of computer and electronic products, transportation equipment, machinery (except electrical), and primary metal manufacturing products accounted for much of the gain.

California tourism has also improved. Hotel and motel occupancy rates and room prices are both up. Convention bookings have increased. Most major California airports are reporting higher passenger counts.

Housing permits (number of units) rose by 6.7 percent in the first eight months of 2004 from the same months in 2003. Single-family permits were up about 11 percent while multi-family permits were down about 5 percent. Permits were strong in the San Joaquin Valley and Los Angeles, San Bernardino, Santa Barbara, San Francisco and Alameda Counties and weak in Contra Costa, Sonoma, Sacramento, Ventura, and Santa Clara Counties. In Santa Clara County, the weakness was concentrated in multi-family permits.

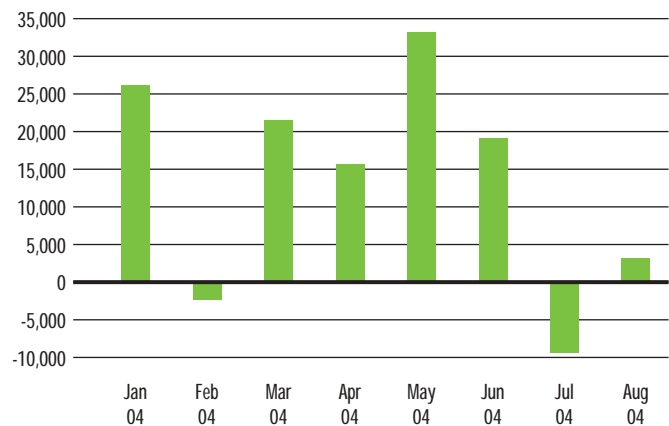
Private nonresidential construction permits (\$ amount) rose by 12 percent in the first eight months of 2004 compared to the same period a year ago. These permits fell by 26 percent in 2001 through 2003. New permits for retail and office space and alterations and additions have contributed most to the rebound this year.

California has fewer timely monthly statistics than the nation. The most important ones come from the monthly labor market surveys. Like the nation, California has seen job gains shrink in recent months (Figure 4). In fact, California has posted a few losses, while the nation has not. The unemployment rate has dropped in both the nation and California, but in both cases, unemployed persons leaving the labor force have contributed to the decline. An increase in the number of discouraged workers is a sign of labor market weakness.

The next few months should reveal whether the recent decelerations in the national and California economic recoveries are just soft patches or a return to the slow economic growth that characterized the

first year and a half of the economic recoveries of both economies. The latter likely would not allow for much job growth.

Figure 4
Job Gains Shrink
Change in Nonfarm Payroll Jobs in California in 2004





Regional Economic Forecast for Southern California 2005-2006



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SUF Economic Forecast for the Southern California Region



The National Outlook

The current economic environment appears to exhibit more than typical uncertainty. An unusual confluence of an unstable geo-political situation, a close presidential election, and a sharp reversal of monetary policy has led to highly mixed signals for both the economy and public policy. While each of these factors by itself would create substantial uncertainty, the combination of the three makes prognostication trickier than usual.

Gross Domestic Product (GDP) grew by 3.7 percent in the third quarter of 2004 after rising by 3.3 percent in the second quarter and 4.5 percent in the first quarter 2004 (Figure 1). The second quarter figure was revised upwards from a preliminary 2.8 percent that had raised concern about the economy hitting a "soft patch." But there is other evidence of the sluggish pace of the economy. Job growth has slowed down significantly. The increase of only 96,000 jobs in September makes the third quarter gain only half as much as in each of the previous two quarters this year. The consumer confidence index declined in August for the second month in a row.

Crude oil prices have risen above \$50 a barrel and have persistently stayed close to it for some time now (Figure 2). Explanations for the increase have been offered both on the demand and supply sides. World demand for oil has been increasing principally due to high growth rates in the large economies of China and India. On the supply side the explanation for the high price is based on interruptions to production in Iraq, Nigeria, and Venezuela, restricted refinery capacity, and after-effects of four hurricanes in the last two months in the Gulf of Mexico.

Inflation at the consumer level, measured by either the Consumer Price Index (CPI) or the consumption deflator in the GDP accounts, has stayed very low in the last decade. Easy money policy with historically low interest rates generated substantial liquidity during the past three years, enabling consumers and producers to borrow liberally. Some contend that this is the primary reason for asset price inflation, especially of housing. The Federal Reserve has now begun to raise short-term interest rates to reverse that trend. The improving economies both in the U.S. and the rest of the world will put additional pressure on prices.

Figure 1

Gross Domestic Product and Leading Indicators

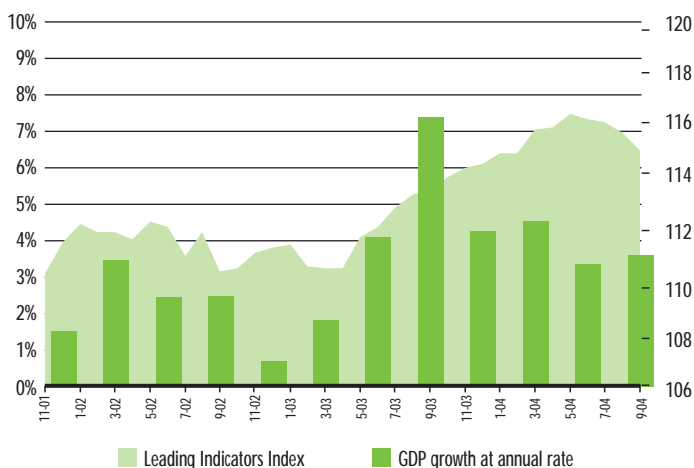
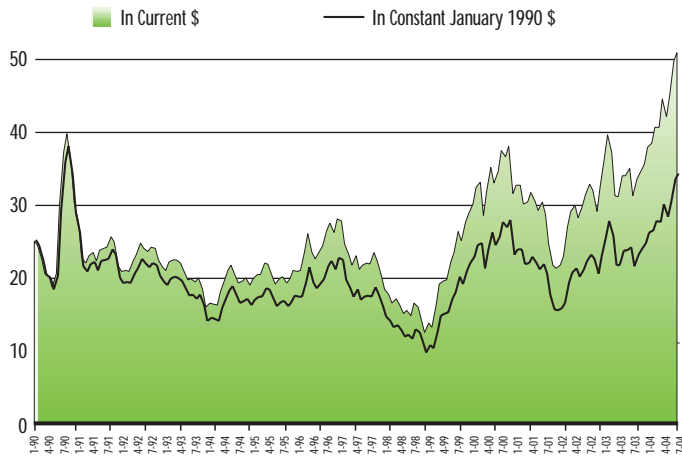


Figure 2

Oil Price Per Barrel West Texas Crude



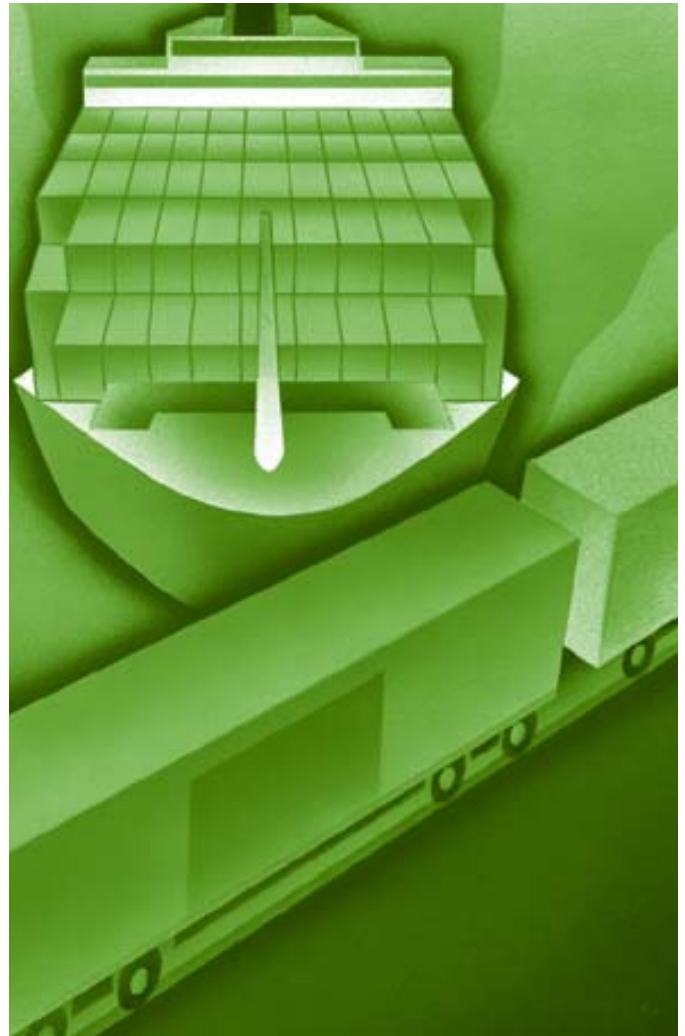
Consumer Spending, which makes up 70 percent of total demand in the economy, and Business Investment, which accounts for an additional 17 percent of total spending, are likely to be the drivers of growth in the near term. Consumers and producers have sufficient cash and healthy balance sheets to undertake greater spending. But the uncertainties mentioned earlier are adversely affecting both consumer spending and business investment. For consumers to continue spending, job and income growth will need to pick up soon. Business hiring will pick up only when firms are more certain of the sustainability of demand.

The nation's unemployment rate in September stood at 5.4 percent, the same as August, which looks remarkably good in comparison with the average rate of six percent for 2003 and 5.8 percent the year before.

Nevertheless, slow job growth since June has led to public pessimism about the near term prospects for the U.S. economy. We believe, however, that a few of the uncertainties and negative developments mentioned above will ameliorate over the next several months. In particular, some of the troubles in the oil market are of short-term nature. For example, the supply interruptions in the Gulf of Mexico, Russia, Venezuela, and Nigeria, barring some unforeseen event, are not expected to continue much longer. Oil prices may not go back down to \$30 a barrel but neither are they expected to stay above \$50 through 2005. The current higher level, however, will persist for several months and have a negative impact on growth rates worldwide. The course of geo-political developments is harder to predict.

To keep the "soft patch" in the third quarter from turning into a quagmire, it is important that consumer spending not slow down precipitously and that business investment maintains, if not enhances, its recent upturn. Given the easy money policy of the past several years, we expect the Federal Reserve to raise the federal funds rate by another quarter percent in November. By the end of 2005, the rate is expected to reach three percent.

Our overall assessment of the national economy for 2005 and beyond is positive. While the possibility of a major terrorist attack or civil war in Iraq cannot be ruled out, our forecast does not assume that this will happen. Continued improvements in manufacturing, healthy cash positions of businesses and, even after the Fed increases, a relatively moderate interest rate environment imply improved business investments. The declining value of the dollar will promote U.S. exports.



We expect better employment growth in 2005 than that observed during the third quarter of 2004. Our assumed scenario for inflation is for it to stay close to the current levels over the next few months before rising next spring in response to improved economic conditions. We expect the Consumer Price Index to increase at a three percent annual rate in 2005 and the yield on 10-year bonds to rise to 5.5 percent by the end of 2005.

We project an annual growth rate of 4.2 percent for 2004 and 3.6 percent for 2005. These rates are higher than the long-term potential rate of growth of GDP but are justified in the current post-recession expansionary phase.

Southern California Economic Outlook

Overall job growth in Southern California during 2003-04 has generally followed the pattern for the nation. The six-county Southern California region (Orange, Los Angeles, Riverside, San Bernardino, Ventura, and Imperial) gained 11,400 payroll jobs for a 0.2 percent increase in 2003 (Figure 3) and 19,500 jobs or a 0.3 percent increase through August this year. The average unemployment rate in the region was 6.2 percent in 2003 and through August this year has averaged 5.8 percent. The household employment performance, part of the same survey that measures the unemployment rate, a gain of 73,000 jobs in 2003 and 109,000 this year appears much better. But the household employment data are not as reliable as the payroll jobs data and it includes self-employment.

This year, through August, the manufacturing sector continued to shed jobs, reflecting a long-term trend. However, the rate of decline appears to have slowed down. From a decrease of over 40,000 jobs a year during the previous three years, the current year losses on an annual rate basis are approximately 15,000. Fabricated metal products, computers and electronic products, transport equipment manufacturing, and apparel manufacturing are the largest sectors and account for most of the job losses.

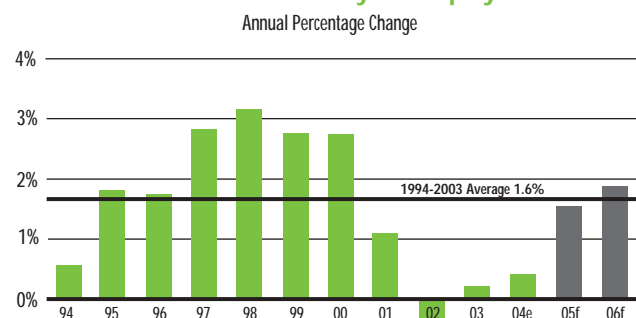
Other major sectors with job losses include the information sector, which lost 12,000 jobs or 4.4 percent of its total in 2003 and is currently lower by 4,900 jobs for an annual rate of decrease of 1.9 percent. Wholesale trade and transportation, and the warehousing and utilities sectors have shown little change in the last three years. The government sector, after losing 9,000 jobs (0.9 percent) in 2003, is lower by 15,300 jobs through August 2004 for an annual rate of decline of 1.5 percent.

Among the major sectors *gaining* jobs was the construction sector with a gain of 5,000 jobs this year (a 1.4 percent annual increase), reflecting the continued healthy housing sectors of the region and the state. But retail trade added only 2,400 jobs for a 0.3 percent increase, well below its average of 1.9 percent average annual gains for the 1995-2003 period.

The financial activities sector, driven by credit intermediation and real estate services, added 23,000 jobs in 2003 and 8,000 jobs in 2004 (through August). The professional and business services sector has gained 14,300 jobs this year, an annual rate of 1.5 percent on top of adding 5,000 jobs last year. The education and health services sector and the leisure and entertainment sector, both increased employment in 2003 and 2004, the former by 3 percent in 2003 and just under one percent this year, and the latter by 2 percent and 3.1 percent, respectively.

Figure 3

Southern California Payroll Employment

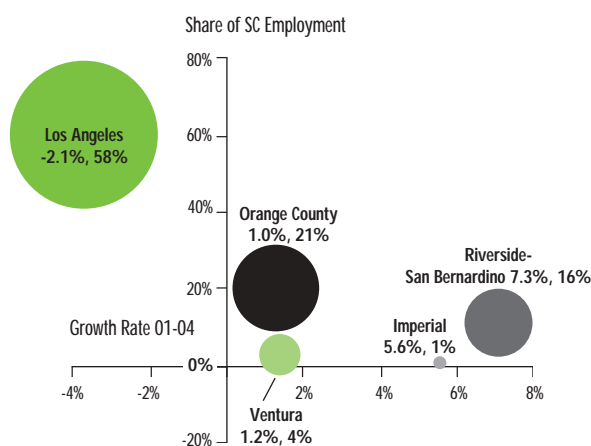


The region's performance is dominated by that of **Los Angeles County**, which currently makes up 58 percent of total jobs in Southern California. In fact, since the national recession ended in the third quarter of 2001, job growth has been quite anemic. Los Angeles County, after it recovered somewhat from the severe downturn of the post-cold war decline of the defense industries in the early nineties, showed healthy growth in the mid-nineties. But it has not created sufficient jobs in the last three years. In fact, its payroll job total has declined by 2.1 percent since 2001.

Figure 4 shows the share in total Southern California employment (vertical axis) and the percentage change in jobs since 2001 for each of the six counties of the Southern California region. The size of a bubble is an indication of the size of the county. After Los Angeles County, Orange County is the largest region and it grew by 1 percent between 2001 and 2004. The third largest region, the Inland Empire, made up of Riverside and San Bernardino Counties, has shown a 7.3 percent job increase. As a result of the poor performance by Los Angeles County, the region as a whole has gained jobs at a rate of only 0.2 percent since 2001. This pace is substantially below its average annual employment growth rate of 2.3 percent during 1995-2001.

Figure 4

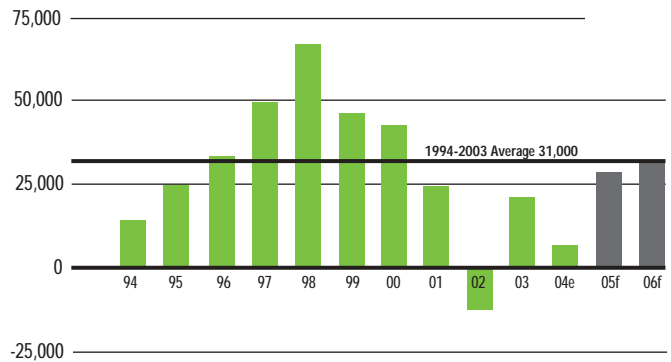
Payroll Employment - Southern California Counties Growth (2001-04) and Shares (2004)



In **Orange County**, through August of this year, total non-farm employment has increased by 3,000 or 0.2 percent and the unemployment rate stood at 3.2 percent. Manufacturing has continued

Figure 5

Orange County Payroll Employment Annual Change (in Thousands)



to shed jobs in the region and Orange County has been following this trend for several years. For Southern California, the share of manufacturing jobs was 12.9 percent in 2002, 12.2 percent in 2003, and 12 percent through August 2004. In Orange County, the share of manufacturing in total payroll employment fell to 12.8 percent in 2003 from 13.6 percent in 2002. As of August the share in the County stood at 12.6 percent of total employment. In Orange County, the manufacturing sector has lost 1,550 jobs, or 0.9 percent of the total, so far this year.

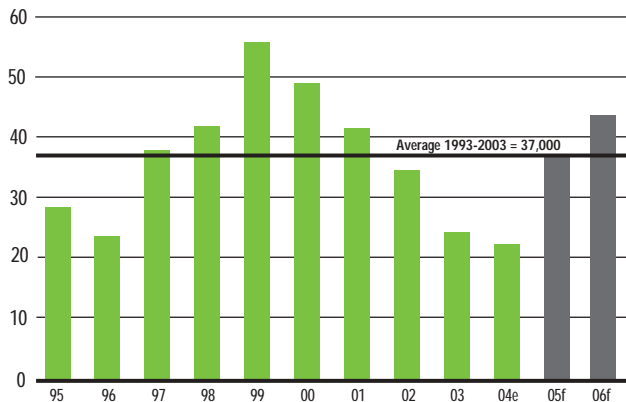
Most reductions in manufacturing in the region and in Orange County have occurred in the durable goods industries. A look at a somewhat longer time period, 2001-04, shows that the largest job *gains* in Orange County took place in financial services, followed by educational and health services, leisure and hospitality, construction, and then business and professional services

We expect Orange County payroll jobs to increase by only about 4,000, or 0.3 percent in 2004 (Figure 5). The slow growth in the third quarter almost assures that. However, job growth will begin to improve in 2005 and beyond. We project a growth of 27,000 jobs, or 1.6 percent, in 2005 and almost 30,000 jobs, or a 2.1 percent growth, in 2006. This growth is much higher than the net total gain of only 16,000 in the previous three years but is close to the average gain of 31,000 payroll jobs annually over the ten-year period, 1994-2003. Orange County's unemployment rate, currently at 3.4 percent, is expected to average 3.2 percent in 2005 and 3.4 percent in 2006.

The Inland Empire, comprising the counties of **Riverside and San Bernardino**, showed the best growth rates in the region, following their recent trend. On the heels of a payroll employment gain of 24,000 (2.3 percent) in 2003, the region has generated 18,000 jobs through August this year for 1.6 percent growth. The unemployment rate was 5.9 percent in 2003 and in August stood at 5.7 percent. These two counties are greatly influenced by the performance of the Los Angeles County economy. Trade, financial services, and professional and business services showed the most rapid growth. We expect payroll employment to grow by 2.1 percent in 2004 and 3.3 percent in 2005. The Inland Empire unemployment rate is expected to decline from 5.7 percent in 2004 to 5.6 percent by 2006.

Figure 6

Riverside-San Bernardino Payroll Job Changes (in Thousands)



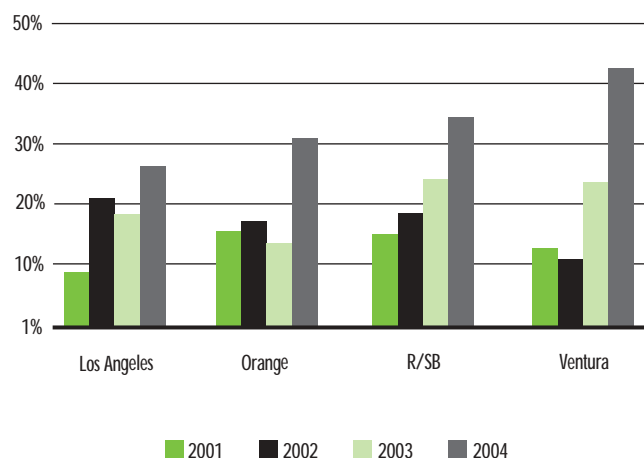
Ventura County payroll employment grew by only 0.6 percent in 2003 and is expected to show a still smaller growth of 0.1 percent in 2004. We believe that the job growth will improve to 1.9 percent in 2005 on the strength of employment gains in construction, non-durable goods manufacturing, financial services and educational and health services.

Imperial County added payroll jobs at a 1.3 percent rate in 2003 but is expected to show a decline of 0.6 percent in 2004. Employment growth should pick up in 2005 and 2006, with payroll jobs forecast to increase at 2.9 percent and 3.0 percent, respectively.

Figure 7

Single Family Home Price Increases

Source: California Association of Realtors – August Prices



Housing prices in Southern California continued their impressive gains during the past year. In Orange County, for example, the median price for existing homes reached \$650,000 in August 2004, a 24 percent increase from a year ago (Figure 7). This level also represents a tripling of the price since 1995 and a doubling since 2000.

Similar increases have taken place throughout Southern California. These price jumps have significantly reduced the affordability of home purchases, especially for first-time buyers. The escalation in housing prices is not only a Southern California phenomenon; national and international housing markets have also experienced significant increases over the last three years. Low mortgage rates have obviously played an important role, but improved economies and higher household incomes have also contributed to it. As interest rates start to climb, house price increases are expected to moderate and a deceleration of the trend is highly likely.

Our scenario of moderate economic growth in 2005 does not imply a precipitous increase in mortgage rates. From the 2004 average rate of 5.9 percent, we expect mortgage rates to go up to 6.5 percent in 2005. Combined with our projections of moderate job and income growth, we don't expect a "collapse" of the housing market but a downward adjustment over the next two years is highly likely.



The Southern California regional forecasts for 2004 and beyond are heavily influenced by the performance of the larger counties. Detailed tables at the end of this report for each of the six counties and the whole region are provided. We estimate that the region will gain only 30,000 payroll jobs in 2004 for a 0.4 percent increase. The gain is expected to improve to 103,000 jobs, or a 1.5 percent increase, in 2005 and 130,000 jobs, or a 1.9 percent increase, in 2006. The region's unemployment rate is expected to decline to 5.7 percent this year and 5.5 percent in 2005 and 2006, from a high of 6.2 percent in 2003.

Overall, the Southern California region, after having increased payroll employment by less than one percent in the last three years, is expected to begin performing close to its recent historical average pace. The job growth rates compare favorably with the 1.6 percent annual growth over the last ten years. But these forecasts are dependent on the moderate growth scenario for the U.S. economy, as described above.

CSUF
ECONOMIC
FORECAST FOR
THE SOUTHERN
CALIFORNIA
REGION

Southern California
Historical Data

	1999	2000	2001	2002	2003
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LEVELS IN THOUSANDS
POPULATION

Total population	16,278.5	16,587.8	16,946.4	17,285.4	17,629.4
Annual percentage change	1.7%	1.9%	2.2%	2.0%	2.0%

HOUSEHOLD EMPLOYMENT

Labor Force	7,933.0	8,146.5	8,336.9	8,457.0	8,540.4
Total Employment	7,521.1	7,747.6	7,911.3	7,937.5	8,010.2
Total Unemployment	411.9	398.9	425.7	518.2	530.3
Unemployment Rate	5.2%	4.9%	5.1%	6.1%	6.2%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	6,586.7	6,763.0	6,834.9	6,816.3	6,827.3
Goods Producing	1,286.8	1,303.9	1,276.7	1,209.3	1,172.1
Natural Resources & Mining	7.5	8.5	7.3	7.5	6.9
Construction	285.5	304.3	322.0	320.2	330.0
Manufacturing	993.8	991.2	947.3	881.5	835.2
Durable Goods	613.5	609.6	584.8	540.7	509.6
Nondurable Goods	380.3	381.6	362.5	340.8	325.6
Service Providing	5,299.8	5,459.1	5,558.2	5,607.0	5,655.1
Trade, Transportation & Utilities	1,281.5	1,315.1	1,333.9	1,331.8	1,338.9
Wholesale Trade	344.9	350.4	357.6	355.0	355.6
Retail Trade	684.1	706.4	717.1	727.5	736.8
Transportation, Warehousing & Utilities	252.5	258.3	259.2	249.4	246.5
Information	294.1	305.3	289.8	266.6	254.9
Financial Activities	374.0	372.5	394.0	405.9	427.7
Professional & Business Services	948.5	985.5	977.0	969.3	974.1
Educational & Health Services	638.1	657.6	680.4	709.9	730.9
Leisure & Hospitality	595.8	614.0	636.6	647.0	660.0
Other Services	223.3	229.4	236.0	240.7	242.6
Government	944.6	979.8	1,010.6	1,035.8	1,026.1

PERCENTAGE CHANGE

Total Nonfarm	2.7%	2.7%	1.1%	-0.3%	0.2%
Goods Producing	1.2%	1.3%	-2.1%	-5.3%	-3.1%
Natural Resources & Mining	12.1%	12.9%	-13.3%	2.7%	-8.0%
Construction	10.5%	6.6%	5.8%	-0.6%	3.0%
Manufacturing	-1.2%	-0.3%	-4.4%	-6.9%	-5.3%
Durable Goods	-1.5%	-0.6%	-4.1%	-7.5%	-5.8%
Nondurable Goods	-0.7%	0.4%	-5.0%	-6.0%	-4.5%
Service Providing	3.1%	3.0%	1.8%	0.9%	0.9%
Trade, Transportation & Utilities	2.6%	2.6%	1.4%	-0.2%	0.5%
Wholesale Trade	2.0%	1.6%	2.1%	-0.7%	0.2%
Retail Trade	2.6%	3.3%	1.5%	1.5%	1.3%
Transportation, Warehousing & Utilities	3.4%	2.3%	0.4%	-3.8%	-1.2%
Information	9.3%	3.8%	-5.1%	-8.0%	-4.4%
Financial Activities	2.0%	-0.4%	5.8%	3.0%	5.4%
Professional & Business Services	2.6%	3.9%	-0.9%	-0.8%	0.5%
Educational & Health Services	2.2%	3.1%	3.5%	4.3%	3.0%
Leisure & Hospitality	2.8%	3.0%	3.7%	1.6%	2.0%
Other Services	2.5%	2.7%	2.9%	2.0%	0.8%
Government	3.9%	3.7%	3.1%	2.5%	-0.9%

LEVELS IN MILLIONS
PERSONAL INCOME

Personal Income	453,227.4	487,360.6	510,802.6	529,786.8	552,889.4
Annual percentage change	5.1%	7.5%	4.8%	3.7%	4.4%
Per capita income (\$)	\$27,842	\$29,381	\$30,142	\$30,649	\$31,362

TAXABLE SALES

Total taxable sales	195,967.1	197,500.5	200,852.4	205,236.8	214,065.8
Year to year percentage change	9.5%	0.8%	1.7%	2.2%	4.3%

	2004e	2005f	2006f	Average Annual Change (1999-2003)(2003-2006)	
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LEVELS IN THOUSANDS

POPULATION

Total population	17,878.6	18,117.6	18,353.3	337.7	241.3
Annual percentage change	1.4%	1.3%	1.3%	2.1%	1.4%

HOUSEHOLD EMPLOYMENT

Labor Force	8,662.9	8,881.1	8,916.1	151.9	125.2
Total Employment	8,166.8	8,393.9	8,419.3	122.3	136.4
Total Unemployment	492.6	484.8	493.2	29.6	-12.4
Unemployment Rate	5.7%	5.5%	5.5%	0.3%	-0.2%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	6,857.3	6,963.5	7,092.8	60.1	88.5
Goods Producing	1,156.0	1,162.8	1,186.0	-28.7	4.6
Natural Resources & Mining	6.9	7.0	7.0	-0.1	0.0
Construction	335.4	341.6	351.4	11.1	7.1
Manufacturing	813.8	814.1	827.6	-39.6	-2.6
Durable Goods	494.9	493.6	504.9	-26.0	-1.6
Nondurable Goods	318.9	320.6	322.6	-13.7	-1.0
Service Providing	5,701.3	5,800.8	5,906.8	88.8	83.9
Trade, Transportation & Utilities	1,348.2	1,368.3	1,393.4	14.3	18.2
Wholesale Trade	355.6	361.0	367.2	2.7	3.9
Retail Trade	744.8	758.3	773.7	13.2	12.3
Transportation, Warehousing & Utilities	247.8	249.0	252.4	-1.5	2.0
Information	246.9	245.5	247.6	-9.8	-2.4
Financial Activities	439.9	441.2	443.8	13.4	5.4
Professional & Business Services	979.8	998.4	1,017.1	6.4	14.3
Educational & Health Services	745.0	772.0	797.5	23.2	22.2
Leisure & Hospitality	683.8	707.5	724.5	16.0	21.5
Other Services	243.3	247.6	250.7	4.8	2.7
Government	1,014.4	1,020.3	1,032.3	20.4	2.0

PERCENTAGE CHANGE

Total Nonfarm	0.4%	1.5%	1.9%	0.9%	1.3%
Goods Producing	-1.4%	0.6%	2.0%	-2.2%	0.4%
Natural Resources & Mining	-0.9%	1.7%	0.3%	-1.9%	0.4%
Construction	1.6%	1.9%	2.9%	3.9%	2.2%
Manufacturing	-2.6%	0.0%	1.6%	-4.0%	-0.3%
Durable Goods	-2.9%	-0.3%	2.3%	-4.2%	-0.3%
Nondurable Goods	-2.1%	0.5%	0.6%	-3.6%	-0.3%
Service Providing	0.8%	1.7%	1.8%	1.7%	1.5%
Trade, Transportation & Utilities	0.7%	1.5%	1.8%	1.1%	1.4%
Wholesale Trade	0.0%	1.5%	1.7%	0.8%	1.1%
Retail Trade	1.1%	1.8%	2.0%	1.9%	1.7%
Transportation, Warehousing & Utilities	0.5%	0.5%	1.4%	-0.6%	0.8%
Information	-3.1%	-0.5%	0.9%	-3.3%	-1.0%
Financial Activities	2.9%	0.3%	0.6%	3.6%	1.3%
Professional & Business Services	0.6%	1.9%	1.9%	0.7%	1.5%
Educational & Health Services	1.9%	3.6%	3.3%	3.6%	3.0%
Leisure & Hospitality	3.6%	3.5%	2.4%	2.7%	3.3%
Other Services	0.3%	1.8%	1.2%	2.2%	1.1%
Government	-1.1%	0.6%	1.2%	2.2%	0.2%

LEVELS IN MILLIONS

PERSONAL INCOME

Personal Income	573,962.8	604,791.7	638,089.7	24,915.5	26,424.4
Annual percentage change	3.8%	5.4%	4.5%	5.5%	4.8%
Per capita income (\$)	\$32,103	\$33,381	\$34,767	\$880	\$1,027

Taxable Sales

Total taxable sales	222,683.8	232,655.2	244,046.7	4,524.7	9,993.6
Year to year percentage change	4.0%	4.5%	4.9%	2.3%	4.7%

e=estimate, f=forecast.

CSUF Forecast
for Southern
California

Regional
Economic
Forecast

LISA M. GROBAR,
PH.D., DIRECTOR

Economic Forecast
Project

Office of Economic
Research

California State
University, Long
Beach

JOSEPH P.
MAGADDINO,
PH.D., CHAIRMAN

Department of
Economics

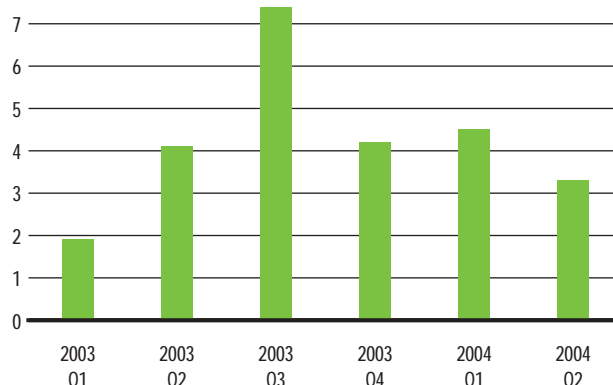
California State
University, Long
Beach

SULB Economic Forecast for the Southern California Region

The Nation

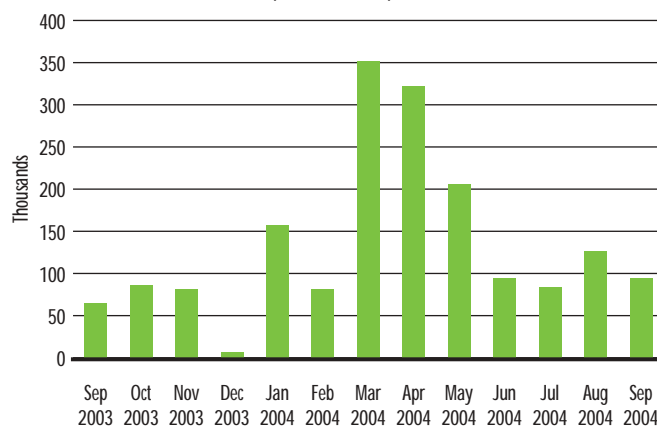
In mid-2003, it looked as if the economy was ready to rock and roll. The nascent recovery, which appeared to have stalled at the end of 2002, gained traction in the second quarter of 2003, with the economy growing at an annualized rate of 4.1 percent. The July payroll checks began to reflect the reductions in personal income taxes. The added disposable income along with the wave of refinancing activities fueled growth in the third quarter to 7.4 percent, the highest quarterly growth in 20 years. While this blistering pace was not sustainable, it was followed by strong growth of 4.2 percent. The surge in growth, especially in the latter half of 2003, was responsible for the annual growth of 3 percent in 2003, well above the 1.9 percent posted in the prior year. In the first quarter of this year, the economy grew at 4.5 percent, but in the second quarter it appeared that the economy hit a "soft patch." The preliminary estimate was growth of only 3.0 percent, which was later revised downward. The final estimate was a very respectable and "not so soft" 3.3 percent. Figure 1 displays GDP growth in the recent period.

Figure 1
Quarterly GDP Growth
Percent



Despite several quarters of strong GDP growth, the economy's ability to generate new jobs has been sluggish, as can be seen in Figure 2. The lack of robust job growth constrains the growth of income, further limiting the consumer's ability to increase expenditures. While the economy generated 1.8 million jobs since September 2003, the pace has been erratic, averaging about 140,000 jobs per month, below the 150,000 to 200,000 expected at this stage of the expansion.

Figure 2
Monthly Establishment Job Growth
September 2003-September 2004



In mid October 2004, the price of crude petroleum rose to nearly \$55 a barrel. The higher prices for crude oil reflect much stronger growth in the global economy and a stronger global economy is good news over the longer-term.

Over the near-term, the demand for oil will grow faster than the supply. This, coupled with concerns over the vulnerability of the petroleum distribution system, is likely to maintain upward pressure on crude oil prices. The “risk premium” associated with the higher crude price appears to be in the \$5-\$10 a barrel range. As supply adjusts and distribution systems become more secure, we expect crude prices to slowly drop to the mid \$40 dollar range in 2005. While the prospects of higher gasoline and heating oil prices are not welcomed by consumers, the U.S. economy is far less vulnerable to the recent crude price increases than it was in the early 1970s.

Despite the “soft patch,” we remain optimistic about the prospects for real GDP growth. We look for growth during the latter part of 2004 at better than 3.5 percent. For 2004 as a whole, we expect a growth rate of 4.1 percent. In 2005 and 2006, the economy is likely to slow to 3.2-3.5 percent in response to higher energy costs. The “soft patch” notwithstanding, we believe that the economic expansion is now self-sustaining. Gross private domestic investment expenditures, especially expenditures on equipment and software, have shown strength in the recent period, as can be seen in Figure 3. During 2004, we expect double-digit increases in equipment and software expenditures. The deceleration in growth in 2005 reflects the expiration of bonus depreciation provisions of the 2001 and 2003 tax bills.

Net exports have been a drag on the domestic economy during the recent period; however, the trend will be for the dollar to continue to decline. The

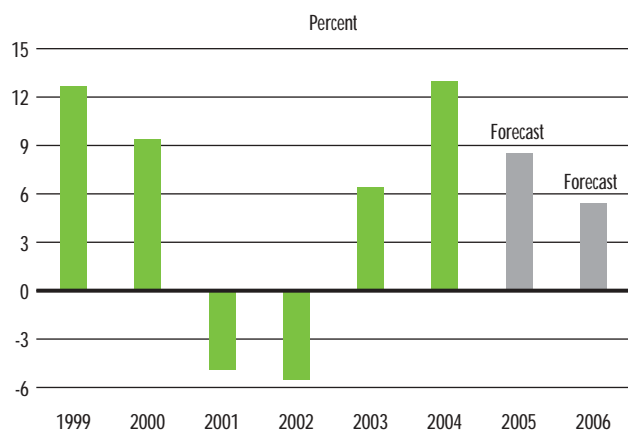


depreciation of the dollar will slow the growth of imports and, more importantly, increase the opportunity for exports, especially among domestic manufacturing firms.

As with any forecast, there are risks. It is possible that the “soft patch” is not a brief phenomenon and the economy will fail to gain traction. This more pessimistic view materializes as the fiscal stimulus is phased out and both interest rates and crude oil prices continue an upward surge. If the global economy slows, then the long awaited surge in U.S. exports will fail to materialize. This confluence of events will dampen consumers’ confidence and slow consumption growth. These events will lead cash-flush firms to delay employment and investment decisions, further slowing growth. While this is a possibility, even in this scenario the economy avoids a recession but experiences significant slowing in 2005. The probability of this occurring is in the 10 to 15 percent range.

Figure 3

Equipment & Software Expenditure



The Southern California Region

In the Southern California region, as in the state economy, we have also seen improvement this year. For the region as a whole, employment in August was up about 0.7 percent from a year ago. This puts the region slightly behind the growth rate of the state but ahead of the 0.2 percent growth rate that the region posted in 2003. The region is also lagging behind the nation's rate of job formation, as can be seen from Figure 4. The Southern California region was slow in joining the recession, and we appear to be lagging in the recovery as well; our pace of job formation in recent quarters is below that of the nation.

Figure 4

Total Nonfarm Employment Growth Region and the Nation

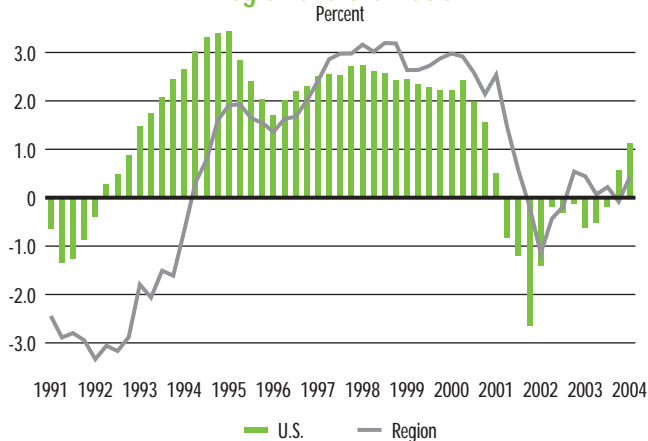


Table 1 compares the region's employment in the second quarter of 2003 with the same period this year, giving a year-over-year comparison of employment changes by major industry group.

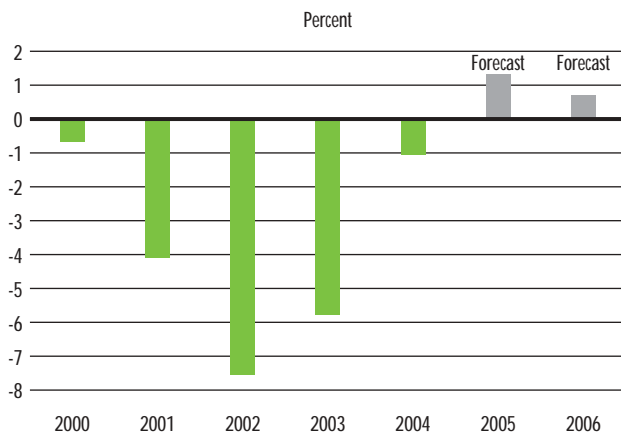
Table 1
Regional Employment
2003:Q2 & 2004: Q2

Sector	2003:2	2004:2	Difference	Growth
Mining	6,200	5,900	-300	-4.8%
Construction	329,567	335,733	6,167	1.9%
Durable Manufacturing	510,567	501,133	-9,433	-1.8%
Nondurable Manufacturing	329,067	317,733	-11,333	-3.4%
Trade, Transportation & Utilities	1,317,733	1,332,167	14,433	1.1%
Wholesale Trade	355,500	353,600	-1,900	-0.5%
Retail Trade	717,933	732,133	14,200	2.0%
Transportation./Warehouse/				
Utilities	244,300	246,433	2,133	0.9%
Information	254,667	250,800	(3,867)	-1.5%
Finance & Insurance	425,967	435,633	9,667	2.3%
Professional & Business Services	965,000	989,933	24,933	2.6%
Educational & Health Services	730,733	738,633	7,900	1.1%
Leisure & Hospitality Services	660,400	682,933	22,533	3.4%
Other Services	243,733	242,033	-1,700	-0.7%
Federal Government	92,533	91,100	-1,433	-1.5%
State & Local Government	936,700	920,200	-16,500	-1.8%
TOTAL	8,120,600	8,176,100	55,500	0.7%

The region actually generated 102,000 new jobs, but a substantial part of this increase was offset by the loss of 46,500 jobs, yielding a net gain of 55,500. Almost 30,000 of the job losses occurred in the manufacturing sectors. The last year that either the national or regional economy added manufacturing jobs was in 1998. Since that time, both the nation and the region have seen a steady decline in manufacturing employment.

There are a wide variety of explanations for the decline in manufacturing employment, but perhaps the most important culprit is the dramatic increase in manufacturing productivity. Many manufacturing concerns have restructured their operations to boost output and reduce labor costs. It does appear to us, however, that most of the manufacturing job losses are behind us, and we are looking for the region to add manufacturing jobs in 2005, as can be seen in Figure 5. The combination of continued depreciation of the dollar and an improving global economy should bolster the competitive position of our region's manufacturers. In addition, increased funding of national defense, especially in research and development, should add manufacturing employment within the region over the next two years.

Figure 5
Durable Manufacturing Employment Growth

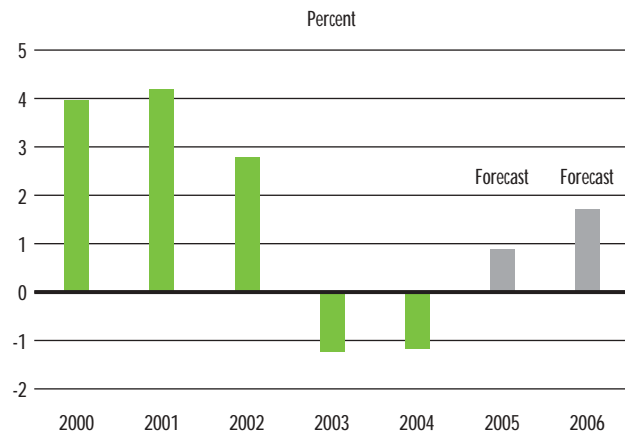


The information sector lost 3,900 jobs, and this is the third consecutive year of job losses in this sector. While the northern California economy is highly dependent on the high-tech sector, the southern California regional economy has a sizable high-tech employment base as well. In addition, the motion picture industry is included in the information sector. The contraction in the high-tech market along with studios' increased focus on the bottom line, has generated these employment losses. As in the manufacturing sector, we are anticipating a recovery in the information sector, especially high-tech employment, as gross private domestic investment continues to increase.

The last sector of sizable losses in employment has been state and local government. Losses in government employment are mainly driven by the dire budgetary situation in Sacramento. Its dampening impact on the growth of government employment in 2004 and 2005 as can be seen in Figure 6. By 2006, the budgetary position of state and local governments improves and employment in this sector grows at 1.7 percent.



Figure 6
State & Local Government Employment Growth



The region's service sectors have begun to add jobs at an accelerated pace, particularly in the areas of professional & business services, health services, transportation, and retail. In addition, the manufacturing sector has seen notable improvement. In all counties except Los Angeles County, the manufacturing sector is now adding jobs and, even in Los Angeles County, the rate of job loss in manufacturing has declined significantly from prior years.

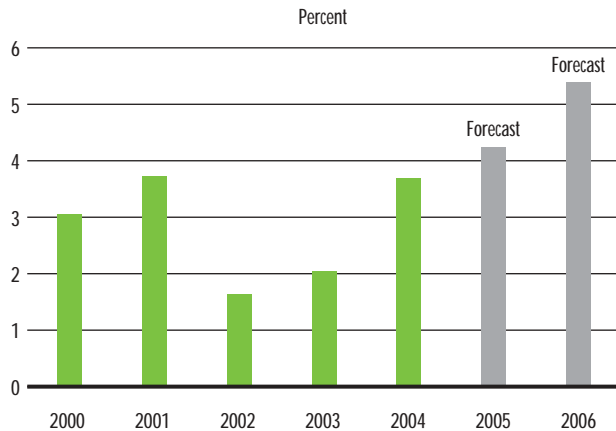
Professional & business services have generated 25,000 new jobs since July 2003. This sector tends to be more cyclical than the other service sectors due largely to the relative importance of "employment services." Included in "employment services" are temporary help agencies, employment leasing firms, and employment placement agencies. Employment in these types of firms tends to be highly cyclical as temporary workers are the first to lose their jobs at the beginning of a downturn. Similarly, temporary employment tends to be quite strong at the beginning of an economic recovery, since business firms will increase their staffing on a temporary basis before committing to permanent hires. We predict that this sector will see a significant recovery in 2004, posting a 2.3 percent gain which will accelerate to a 2.9 percent annual growth rate in 2005 and 2006.

The region's lodging & hospitality sector was one of the sectors that was particularly hard-hit in the aftermath of the terrorist attacks of 9/11. This sector saw dramatic improvement in 2003-2004, as Figure 7 shows. International arrivals at LAX are near their pre-9/11 peak. With the continued depreciation of the dollar, we expect foreign tourism to continue on this upward path. As the region's employment and income prospects brighten, we expect the hospitality sector, which includes the region's eating and drinking establishments, to improve.

The largest sector in the regional economy is the trade, transportation & utilities sector, which added 14,000 net jobs between mid-2003 and the middle of 2004. Almost all the growth thus far has been in the retail sector. While we expect retail employment to continue to add jobs throughout the forecast horizon, we also anticipate growth picking

Construction employment and employment in the financial services sector are closely associated with the residential housing boom. With interest rates at 45-year historical lows, homeowners generated a wave of refinancing activities, cashed in on their equity, and upgraded their housing. Renters jumped into the residential market as home ownership became more attractive than renting. These activities generated record levels of housing prices, as regional housing supply was unable to keep pace with demand. Housing affordability measures, especially in Los Angeles and Orange Counties, are at levels that raise concern over the ability of these counties to support continued employment growth. Expected increases in interest rates will further reduce affordability.

Figure 7
Leisure & Hospitality Employment Growth



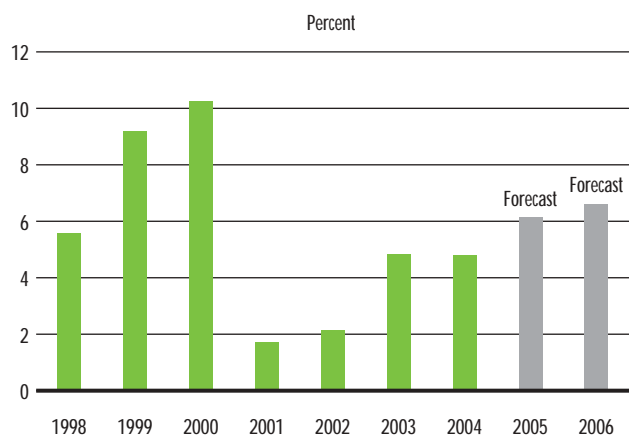
up in transportation and warehousing employment. One of the consequences of the national expansion is the continued voracious appetite of consumers for imported goods. About a third of all container traffic passes through the twin ports of the San Pedro Bay. In addition, Los Angeles World Airports is experiencing record levels of air freight traffic. Logistics, warehousing, and distribution have become an important source of employment growth for the region.



As we look to the future, we expect to see some changes in the regional economy. The geographical dispersion of jobs to the Inland Empire will continue. The Inland Empire has land to support commercial development as well as residential housing. Once viewed as a bedroom community for the employment centers of Los Angeles and Orange Counties, the Inland Empire is rapidly developing its own employment centers. By 2005, we expect the region to post job growth of slightly over 2 percent. This is not quite as robust as the 2.5-3 percent annual gains we saw in the late 1990s, but it is significantly higher than the lackluster growth of recent years. By 2006, we expect the regional economy to grow by 2.7 percent.

Taxable sales in the region have suffered during this economic downturn. Regional sales grew by only 2.2 percent in 2002, just at the rate of inflation. Although the data lag considerably, we think sales improved in 2003, growing at an estimated rate of 4.8 percent. Our forecast calls for similar growth this year, followed by an acceleration to 6.2 percent in 2005 and 6.6 percent in 2006.

Figure 8
Regional Taxable Sales



Imperial County

The economy of Imperial County, unlike the other counties within the Southern California region, has a much stronger and more important agricultural component. The climate in the Imperial Valley, with its mild winters and hot summers, is an ideal environment for year-round farming. In addition to its own population base, Imperial County is able to augment its workforce by its proximity to Mexicali, Mexico. Approximately 20,000 day-workers are able to cross the border and work legally in the United States.

Agricultural Output and Employment

Although Imperial County has a population of 153,600, representing less than one-half of one-percent of the total population of the State of California, Imperial County's agricultural employment accounts for over 3% of the state's agricultural employment, and Imperial County ranks ninth in the state in agricultural production. In 2002, Imperial County's farmers and ranchers produced \$1.22 billion of agricultural goods. Key agricultural products for Imperial County include cattle, head lettuce, alfalfa, leaf lettuce, and carrots.

Nonfarm Employment

The composition of Imperial County's nonfarm employment is quite different than that of the region. In 2003, employment in agriculture and state and local government combined totaled 28,700 or 54% of the county's employment – versus 14% in the rest of the SCAG region. More than one quarter of all employment is in the state and local government sector. The relatively large number of prisons and prison employees in the county accounts for the dominance of this sector. As a consequence, when we track and forecast Imperial County's employment, we focus on three main sectors: agriculture, state and local government, and all other sectors.

The Outlook for Imperial County in 2005-2006

Employment in the agricultural sector is volatile. After an increase of 17% in 2003, we estimate that agricultural employment increased again this year by about 2%. We expect that agricultural employment will continue to grow until 2006. However, the longer term prospects for agricultural employment growth in Imperial County may be affected by a proposed water transfer agreement between Imperial County and urban Southern California. This agreement calls for farmers to receive money in exchange for adopting water-conserving technologies and fallowing some of their land. This agreement could have a negative effect on future agricultural employment in the county.

Growth in state and local government will be impacted by the continuing budgetary crisis in Sacramento. We estimate that employment in state and local government will fall by 2% this year, followed by growth in the range of 1-2% through 2007.

The other component of Imperial County's economy contains employment in retail trade, utilities, construction, transportation and services. This set of sectors will see a slight contraction in employment this year. However, employment should begin to grow next year and accelerate during 2005 due to the expected pick-up in the retail sector.

Overall, we expect to see nonfarm employment decline by 0.6% this year, followed by growth of 0.4% in 2005 and 1.4% in 2006.

Year	Agriculture	State & Local Government	All Other Sectors	Total Nonfarm	Total Employment	Taxable Sales (\$ Thousands)
EMPLOYMENT AND TAXABLE SALES						
1998	14,300	12,800	22,600	35,400	49,700	1,105,405
1999	14,400	13,100	23,500	36,600	51,000	1,293,324
2000	12,300	13,700	24,400	38,100	50,400	1,403,530
2001	11,300	14,300	24,400	38,700	50,000	1,381,668
2002	10,100	14,800	25,900	40,700	50,800	1,462,537
2003	11,800	14,900	26,300	41,200	53,000	1,532,361
2004e	12,108	14,589	26,354	40,943	53,051	1,589,686
2005f	12,333	14,781	26,341	41,122	53,454	1,653,130
2006f	12,446	15,061	26,627	41,688	54,134	1,719,294

YEAR-TO-YEAR % CHANGE						
1998	2.9%	2.4%	0.9%	1.4%	1.8%	5.1%
1999	0.7%	2.3%	4.0%	3.4%	2.6%	17.0%
2000	-14.6%	4.6%	3.8%	4.1%	-1.2%	8.5%
2001	-8.1%	4.4%	0.0%	1.6%	-0.8%	-1.6%
2002	-10.6%	3.5%	6.1%	5.2%	1.6%	5.9%
2003	16.8%	0.7%	1.5%	1.2%	4.3%	4.8%
2004e	2.6%	-2.1%	0.2%	-0.6%	0.1%	3.7%
2005f	1.9%	1.3%	0.0%	0.4%	0.8%	4.0%
2006f	0.9%	1.9%	1.1%	1.4%	1.3%	4.0%

e=estimate, f=forecast.



CSULB
ECONOMIC
FORECAST FOR
THE SOUTHERN
CALIFORNIA
REGION

Southern California
Historical Data

	1999	2000	2001	2002	2003
WAGE & SALARY EMPLOYMENT					
Construction & Mining	291,983	310,317	328,383	326,408	336,142
Durable Manufacturing	612,733	608,658	583,917	539,800	508,633
Nondurable Manufacturing	379,425	380,858	361,575	339,192	324,033
Wholesale Trade	343,350	348,633	355,858	353,325	353,942
Retail Trade	678,250	700,292	710,917	721,233	730,308
Transportation, Warehousing & Utilities	251,017	256,750	257,525	247,667	244,608
Information	293,683	304,867	289,367	266,225	254,483
Financial Activities	372,633	371,058	392,658	404,458	426,208
Professional & Business Services	946,667	983,592	975,275	967,217	971,900
Educational & Health Services	635,733	655,433	678,150	707,508	728,450
Leisure & Hospitality Services	592,925	611,025	633,758	644,100	657,317
Other Services	222,467	228,550	235,067	239,683	241,608
Federal Government	95,808	97,283	91,200	90,675	92,200
State & Local Government	834,033	867,033	903,308	928,492	917,042
Total Nonfarm Employment	6,550,708	6,724,350	6,796,958	6,775,983	6,786,875
YEAR-TO-YEAR % CHANGE					
Construction & Mining	10.0%	6.3%	5.8%	-0.6%	3.0%
Durable Manufacturing	-1.5%	-0.7%	-4.1%	-7.6%	-5.8%
Nondurable Manufacturing	-0.7%	0.4%	-5.1%	-6.2%	-4.5%
Wholesale Trade	2.0%	1.5%	2.1%	-0.7%	0.2%
Retail Trade	2.6%	3.2%	1.5%	1.5%	1.3%
Transportation, Warehousing & Utilities	3.4%	2.3%	0.3%	-3.8%	-1.2%
Information	9.3%	3.8%	-5.1%	-8.0%	-4.4%
Financial Activities	2.0%	-0.4%	5.8%	3.0%	5.4%
Professional & Business Services	2.6%	3.9%	-0.8%	-0.8%	0.5%
Educational & Health Services	2.2%	3.1%	3.5%	4.3%	3.0%
Leisure & Hospitality Services	2.8%	3.1%	3.7%	1.6%	2.1%
Other Services	2.5%	2.7%	2.9%	2.0%	0.8%
Federal Government	0.2%	1.5%	-6.3%	-0.6%	1.7%
State & Local Government	4.3%	4.0%	4.2%	2.8%	-1.2%
Total Nonfarm Employment	2.7%	2.7%	1.1%	-0.3%	0.2%
POPULATION					
	16,131,763	16,452,783	16,792,833	17,116,454	17,460,168
Percentage Change	1.7%	2.0%	2.1%	1.9%	2.0%
TAXABLE SALES (IN THOUSANDS)					
	177,886,423	196,096,973	199,470,694	203,774,229	213,594,617
Percentage Change	9.2%	10.2%	1.7%	2.2%	4.8%
PERSONAL INCOME (IN MILLIONS)					
	450,650	484,858	508,187	524,449	562,234
Percentage Change	5.2%	7.6%	4.8%	3.2%	3.7%
BUILDING PERMITS (SINGL.-FAM. RESID.)					
	37,618	37,625	40,643	46,573	54,155
Percentage Change	12.5%	0.0%	8.0%	14.6%	16.3%

	2004e	2005f	2006f	Average Annual Change (1999-2003)	(2003-2006)
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WAGE & SALARY EMPLOYMENT

Construction & Mining	348,015	364,701	385,237	11,040	16,365
Durable Manufacturing	503,302	509,946	513,758	-26,025	1,708
Nondurable Manufacturing	311,354	307,568	314,340	-13,848	-3,231
Wholesale Trade	353,171	354,924	358,344	2,648	1,467
Retail Trade	748,654	770,800	788,605	13,015	19,432
Transportation, Warehousing & Utilities	250,434	258,422	264,849	-1,602	6,747
Information	257,382	268,717	277,285	-9,800	7,600
Financial Activities	436,747	450,222	465,040	13,394	12,944
Professional & Business Services	994,437	1,022,884	1,052,472	6,308	26,857
Educational & Health Services	743,601	758,004	773,680	23,179	15,077
Leisure & Hospitality Services	681,646	710,554	748,632	16,098	30,438
Other Services	241,842	245,658	250,507	4,785	2,966
Federal Government	90,829	91,118	91,797	-902	-134
State & Local Government	906,300	914,224	929,604	20,752	4,187
Total Nonfarm Employment	6,867,714	7,027,742	7,214,149	59,042	142,425

CSULB Forecast
for Southern
California

YEAR-TO-YEAR % CHANGE

Construction & Mining	3.5%	4.8%	5.6%	3.8%	5.3%
Durable Manufacturing	-1.0%	1.3%	0.7%	-4.2%	0.3%
Nondurable Manufacturing	-3.9%	-1.2%	2.2%	-3.6%	-0.8%
Wholesale Trade	-0.2%	0.5%	1.0%	0.8%	0.4%
Retail Trade	2.5%	3.0%	2.3%	1.9%	2.8%
Transportation, Warehousing & Utilities	2.4%	3.2%	2.5%	-0.6%	2.6%
Information	1.1%	4.4%	3.2%	-3.3%	2.5%
Financial Activities	2.5%	3.1%	3.3%	3.6%	3.5%
Professional & Business Services	2.3%	2.9%	2.9%	0.7%	2.7%
Educational & Health Services	2.1%	1.9%	2.1%	3.6%	2.3%
Leisure & Hospitality Services	3.7%	4.2%	5.4%	2.7%	5.0%
Other Services	0.1%	1.6%	2.0%	2.2%	1.3%
Federal Government	-1.5%	0.3%	0.7%	-0.9%	-0.1%
State & Local Government	-1.2%	0.9%	1.7%	2.5%	0.5%
Total Nonfarm Employment	1.2%	2.3%	2.7%	0.9%	2.1%

POPULATION

	17,763,503	18,086,641	18,440,737	332,101	326,856
Percentage Change	1.7%	1.8%	2.0%	2.1%	1.9%

TAXABLE SALES (IN THOUSANDS)

	223,833,668	237,621,976	253,419,373	8,927,048	13,274,919
Percentage Change	4.8%	6.2%	6.6%	5.0%	6.2%

PERSONAL INCOME (IN MILLIONS)

	610,381	652,902	693,649	27,896	43,805
Percentage Change	5.6%	7.0%	6.2%	6.2%	7.8%

BUILDING PERMITS (SINGL.-FAM. RESID.)

	49,360	47,920	47,360	4,134	(2,265)
Percentage Change	-8.9%	-2.9%	-1.2%	11.0%	-4.2%

e=estimate, f=forecast.





Regional Economic Forecast for Southern California 2005-2006

COUNTY FORECAST TABLES

California State University, Fullerton

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CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Imperial County
Historical Data

	1999	2000	2001	2002	2003
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LEVELS IN THOUSANDS POPULATION

Total population	140.80	143.60	146.00	149.30	153.60
Annual percentage change	1.1%	2.0%	1.7%	2.3%	2.9%

HOUSEHOLD EMPLOYMENT

Labor Force	54.93	58.03	54.68	55.36	57.33
Total Employment	42.05	42.78	42.80	44.75	46.18
Total Unemployment	12.89	15.28	11.88	10.62	11.15
Unemployment Rate	23.5%	26.3%	21.7%	19.2%	19.5%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	36.6	38.1	38.7	40.7	41.2
Goods Producing	3.3	3.6	3.5	4.3	4.2
Natural Resources & Mining	1.7	2.0	1.7	1.7	1.6
Construction (added above)	0.0	0.0	0.0	0.0	0.0
Manufacturing	1.6	1.6	1.8	2.5	2.6
Durable Goods	0.8	0.9	0.9	0.9	0.9
Nondurable Goods	0.8	0.7	1.0	1.6	1.6
Service Providing	33.3	34.5	35.1	36.4	37.1
Trade, Transportation & Utilities	8.9	9.4	9.6	9.6	10.1
Wholesale Trade	1.6	1.7	1.7	1.6	1.7
Retail Trade	5.9	6.2	6.1	6.2	6.5
Transportation, Warehousing & Utilities	1.5	1.6	1.7	1.7	1.9
Information	0.4	0.4	0.4	0.4	0.4
Financial Activities	1.3	1.4	1.4	1.4	1.5
Professional & Business Services	1.8	1.9	1.7	2.1	2.2
Educational & Health Services	2.3	2.2	2.3	2.4	2.4
Leisure & Hospitality	2.9	2.9	2.8	2.9	2.6
Other Services	0.8	0.8	1.0	1.0	0.9
Government	14.8	15.5	16.1	16.7	16.9

PERCENTAGE CHANGE

Total Nonfarm	3.4%	4.2%	1.4%	5.2%	1.3%
Goods Producing	8.1%	8.3%	-2.1%	21.0%	-2.5%
Natural Resources & Mining	18.1%	16.3%	-14.0%	3.5%	-7.7%
Construction (added above)					
Manufacturing	-0.5%	0.0%	12.2%	37.1%	1.0%
Durable Goods	1.0%	11.3%	-0.9%	-0.9%	6.6%
Nondurable Goods	-2.0%	-11.0%	28.1%	72.8%	-2.0%
Service Providing	2.9%	3.8%	1.7%	3.7%	1.7%
Trade, Transportation & Utilities	5.7%	5.8%	1.1%	0.4%	4.9%
Wholesale Trade	3.3%	11.3%	-1.4%	-4.4%	4.6%
Retail Trade	7.0%	4.8%	-0.3%	1.6%	3.5%
Transportation, Warehousing & Utilities	3.4%	3.9%	9.6%	1.0%	10.1%
Information	-9.4%	0.0%	6.3%	-5.9%	0.0%
Financial Activities	6.0%	6.3%	-4.1%	3.1%	5.4%
Professional & Business Services	-12.6%	6.0%	-10.5%	24.0%	5.1%
Educational & Health Services	7.3%	-6.4%	4.2%	5.5%	1.7%
Leisure & Hospitality	2.1%	1.1%	-4.3%	1.5%	-7.6%
Other Services	6.7%	0.0%	18.8%	7.9%	-8.1%
Government	2.9%	4.6%	3.9%	3.6%	1.5%

LEVELS IN MILLIONS PERSONAL INCOME

Personal Income	2,577	2,502	2,615	2,789	2,950.8
Annual percentage change	3.0%	-2.9%	4.5%	6.6%	5.8%
Per capita income (\$)	\$18,303	\$17,426	\$17,913	\$18,680	\$19,211

TAXABLE SALES

Total taxable sales	1,293	1,404	1,382	1,458	1,492
Year to year percentage change	17.0%	8.5%	-1.6%	5.5%	2.3%

	2004e	2005f	2006f	Average Annual Change (1999-2003)(2003-2006)	
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LEVELS IN THOUSANDS

POPULATION

Total population	159.44	165.43	171.22	3.2	5.9
Annual percentage change	3.8%	3.8%	3.5%	2.3%	3.8%

HOUSEHOLD EMPLOYMENT

Labor Force	59.30	58.00	59.23	0.6	0.6
Total Employment	46.81	47.37	47.44	1.0	0.4
Total Unemployment	9.04	8.25	8.25	-0.4	-1.0
Unemployment Rate	21.5%	20.4%	19.2%	-1.0%	-0.1%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	41.0	42.2	43.4	1.2	0.7
Goods Producing	4.3	4.5	4.6	0.2	0.1
Natural Resources & Mining	1.7	1.8	1.9	0.0	0.1
Construction (added above)	0.0	0.0	0.0	0.0	0.0
Manufacturing	2.6	2.7	2.7	0.2	0.0
Durable Goods	0.9	0.9	0.9	0.0	0.0
Nondurable Goods	1.7	1.8	1.8	0.2	0.1
Service Providing	36.7	37.7	38.8	0.9	0.6
Trade, Transportation & Utilities	10.3	10.4	10.7	0.3	0.2
Wholesale Trade	1.8	1.7	1.7	0.0	0.0
Retail Trade	6.6	6.7	6.9	0.1	0.2
Transportation, Warehousing & Utilities	2.0	2.0	2.1	0.1	0.1
Information	0.4	0.4	0.4	0.0	0.0
Financial Activities	1.5	1.5	1.6	0.0	0.0
Professional & Business Services	2.2	2.3	2.4	0.1	0.1
Educational & Health Services	2.4	2.5	2.6	0.0	0.1
Leisure & Hospitality	2.5	2.6	2.6	-0.1	0.0
Other Services	0.9	1.0	1.0	0.0	0.0
Government	16.5	17.0	17.6	0.5	0.2

PERCENTAGE CHANGE

Total Nonfarm	-0.6%	2.9%	3.0%	3.2%	1.8%
Goods Producing	3.3%	5.0%	1.6%	6.3%	3.4%
Natural Resources & Mining	8.5%	4.5%	4.6%	-1.1%	6.2%
Construction (added above)					
Manufacturing	0.1%	5.4%	-0.4%	13.8%	1.7%
Durable Goods	-4.7%	-1.0%	-0.4%	4.1%	-2.0%
Nondurable Goods	2.9%	8.9%	-0.4%	23.3%	3.8%
Service Providing	-1.0%	2.7%	3.1%	2.8%	1.6%
Trade, Transportation & Utilities	2.5%	0.7%	2.7%	3.2%	2.0%
Wholesale Trade	3.1%	-2.9%	-1.5%	2.4%	-0.4%
Retail Trade	2.3%	1.2%	3.6%	2.5%	2.4%
Transportation, Warehousing & Utilities	2.6%	2.3%	3.3%	6.6%	2.8%
Information	-0.2%	-5.3%	-0.4%	0.0%	-2.0%
Financial Activities	1.7%	3.3%	2.8%	2.7%	2.6%
Professional & Business Services	-3.0%	6.4%	4.2%	5.9%	2.5%
Educational & Health Services	0.3%	2.8%	4.3%	1.2%	2.5%
Leisure & Hospitality	-5.1%	2.5%	1.3%	-2.3%	-0.5%
Other Services	-3.3%	4.3%	2.9%	4.4%	1.3%
Government	-2.6%	3.5%	3.4%	3.5%	1.4%

LEVELS IN MILLIONS

PERSONAL INCOME

Personal Income	3,130	3,326	3,532	93	194
Annual percentage change	6.1%	6.3%	6.2%	3.6%	6.6%
Per capita income (\$)	\$19,633	\$20,104	\$20,627	\$227	\$472

TAXABLE SALES

Total taxable sales	1,554	1,613	1,694	50	67
Year to year percentage change	4.1%	3.8%	5.0%	3.8%	4.5%

e=estimate, f=forecast.

Imperial County
Forecast

Regional
Economic
Forecast

CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Los Angeles County
Historical Data

	1999	2000	2001	2002	2003
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LEVELS IN THOUSANDS POPULATION

Total population	9,394.3	9,559.6	9,731.0	9,889.3	10,047.3
Annual percentage change	1.4%	1.8%	1.8%	1.6%	1.6%

HOUSEHOLD EMPLOYMENT

Labor Force	4,558.4	4,671.8	4,777.0	4,789.7	4,788.8
Total Employment	4,291.4	4,421.9	4,506.9	4,465.5	4,451.7
Total Unemployment	267.0	249.9	270.1	324.2	337.1
Unemployment Rate	5.9%	5.3%	5.7%	6.8%	7.0%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	4,002.9	4,072.1	4,073.6	4,026.8	3,990.1
Goods Producing	752.8	745.0	716.4	671.0	635.1
Natural Resources & Mining	1.7	2.0	1.7	1.7	1.6
Construction	126.9	131.7	136.8	134.5	133.5
Manufacturing	624.3	611.3	577.9	534.8	500.0
Durable Goods	352.3	341.9	325.4	299.3	277.5
Nondurable Goods	271.9	269.5	252.5	235.5	222.5
Service Providing	3,248.4	3,325.7	3,355.1	3,353.8	3,352.9
Trade, Transportation & Utilities	770.5	784.8	789.8	782.7	777.2
Wholesale Trade	217.6	219.1	219.4	217.3	214.4
Retail Trade	380.7	391.3	394.8	398.2	399.5
Transportation, Warehousing & Utilities	172.2	174.4	175.6	167.2	163.3
Information	236.2	242.6	226.3	207.3	198.8
Financial Activities	221.0	218.7	228.9	232.6	239.8
Professional & Business Services	585.0	598.2	588.0	575.0	568.4
Educational & Health Services	401.8	416.2	432.2	450.4	460.3
Leisure & Hospitality	335.8	344.3	348.5	354.2	363.5
Other Services	136.5	139.7	143.2	145.6	145.8
Government	561.6	581.3	598.3	606.1	599.2

PERCENTAGE CHANGE

Total Nonfarm	1.5%	1.7%	0.0%	-1.1%	-0.9%
Goods Producing	-1.4%	-1.0%	-3.8%	-6.3%	-5.4%
Natural Resources & Mining	18.1%	16.3%	-14.0%	3.5%	-7.7%
Construction	6.6%	3.8%	3.9%	-1.7%	-0.7%
Manufacturing	-2.9%	-2.1%	-5.5%	-7.5%	-6.5%
Durable Goods	-3.3%	-3.0%	-4.8%	-8.0%	-7.3%
Nondurable Goods	-2.4%	-0.9%	-6.3%	-6.8%	-5.5%
Service Providing	2.2%	2.4%	0.9%	0.0%	0.0%
Trade, Transportation & Utilities	1.7%	1.9%	0.6%	-0.9%	-0.7%
Wholesale Trade	0.9%	0.7%	0.1%	-1.0%	-1.3%
Retail Trade	1.7%	2.8%	0.9%	0.8%	0.3%
Transportation, Warehousing & Utilities	2.6%	1.3%	0.7%	-4.8%	-2.4%
Information	10.1%	2.7%	-6.7%	-8.4%	-4.1%
Financial Activities	1.2%	-1.0%	4.7%	1.6%	3.1%
Professional & Business Services	0.0%	2.3%	-1.7%	-2.2%	-1.1%
Educational & Health Services	1.8%	3.6%	3.8%	4.2%	2.2%
Leisure & Hospitality	1.3%	2.5%	1.2%	1.6%	2.6%
Other Services	1.2%	2.3%	2.5%	1.7%	0.2%
Government	3.8%	3.5%	2.9%	1.3%	-1.1%

LEVELS IN MILLIONS PERSONAL INCOME

Personal Income	264,407.9	282,700.4	296,232.8	303,403.6	313,248.9
Annual percentage change	4.3%	6.9%	4.8%	2.4%	3.2%
Per capita income (\$)	\$28,146	\$29,572	\$30,442	\$30,680	\$31,177

TAXABLE SALES

Total taxable sales	97,316.8	106,673.5	107,426.7	108,753.1	112,877.1
Year to year percentage change	7.9%	9.6%	0.7%	1.2%	3.8%

	2004e	2005f	2006f	Average Annual Change (1999-2003)(2003-2006)	
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LEVELS IN THOUSANDS

POPULATION

Total population	10157.8	10258.3	10357.0	163.3	103.2
Annual percentage change	1.1%	1.0%	1.0%	1.7%	1.0%

HOUSEHOLD EMPLOYMENT

Labor Force	4,831.9	4,949.6	4,955.6	57.6	55.6
Total Employment	4,522.7	4,647.6	4,648.4	40.1	65.6
Total Unemployment	309.2	301.9	307.2	17.5	-10.0
Unemployment Rate	6.4%	6.1%	6.2%	0.3%	-0.3%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	3,992.2	4,027.9	4,076.9	-3.2	28.9
Goods Producing	613.5	610.8	614.7	-29.4	-6.8
Natural Resources & Mining	1.5	1.6	1.5	0.0	0.0
Construction	132.5	132.6	133.4	1.6	0.0
Manufacturing	479.5	476.7	479.8	-31.1	-6.7
Durable Goods	263.9	261.2	264.5	-18.7	-4.3
Nondurable Goods	215.6	215.5	215.3	-12.3	-2.4
Service Providing	3,378.7	3,417.0	3,462.2	26.1	36.4
Trade, Transportation & Utilities	779.8	784.4	792.6	1.7	5.1
Wholesale Trade	215.0	216.6	218.1	-0.8	1.3
Retail Trade	402.1	406.2	412.2	4.7	4.2
Transportation, Warehousing & Utilities	162.7	161.6	162.2	-2.2	-0.3
Information	193.3	191.8	193.2	-9.4	-1.9
Financial Activities	247.4	243.6	240.2	4.7	0.1
Professional & Business Services	568.6	574.7	581.5	-4.1	4.4
Educational & Health Services	472.0	490.1	505.9	14.6	15.2
Leisure & Hospitality	378.7	390.3	400.0	6.9	12.2
Other Services	146.2	148.5	150.1	2.3	1.4
Government	592.7	593.6	598.8	9.4	-0.1

PERCENTAGE CHANGE

Total Nonfarm	0.1%	0.9%	1.2%	-0.1%	0.7%
Goods Producing	-3.4%	-0.4%	0.6%	-3.9%	-1.1%
Natural Resources & Mining	-3.7%	0.8%	-1.3%	-1.1%	-1.4%
Construction	-0.8%	0.1%	0.6%	1.3%	0.0%
Manufacturing	-4.1%	-0.6%	0.6%	-5.0%	-1.3%
Durable Goods	-4.9%	-1.0%	1.2%	-5.3%	-1.6%
Nondurable Goods	-3.1%	0.0%	-0.1%	-4.5%	-1.1%
Service Providing	0.8%	1.1%	1.3%	0.8%	1.1%
Trade, Transportation & Utilities	0.3%	0.6%	1.0%	0.2%	0.7%
Wholesale Trade	0.3%	0.7%	0.7%	-0.4%	0.6%
Retail Trade	0.6%	1.0%	1.5%	1.2%	1.1%
Transportation, Warehousing & Utilities	-0.3%	-0.6%	0.4%	-1.3%	-0.2%
Information	-2.8%	-0.8%	0.7%	-4.0%	-0.9%
Financial Activities	3.2%	-1.5%	-1.4%	2.1%	0.1%
Professional & Business Services	0.0%	1.1%	1.2%	-0.7%	0.8%
Educational & Health Services	2.5%	3.8%	3.2%	3.6%	3.3%
Leisure & Hospitality	4.2%	3.1%	2.5%	2.1%	3.3%
Other Services	0.3%	1.6%	1.1%	1.7%	1.0%
Government	-1.1%	0.1%	0.9%	1.7%	0.0%

LEVELS IN MILLIONS

PERSONAL INCOME

Personal Income	326,220.1	342,338.4	360,140.0	12,210.2	15,630.4
Annual percentage change	4.1%	4.9%	5.2%	4.6%	5.0%
Per capita income (\$)	\$32,115	\$33,372	\$34,773	\$758	\$1,198

TAXABLE SALES

Total taxable sales	117,144.3	120,778.3	125,185.6	3,890.1	4,102.8
Year to year percentage change	3.8%	3.1%	3.6%	4.0%	3.6%

e=estimate, f=forecast.

Los Angeles County
Forecast

Regional
Economic
Forecast



CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Orange County
Historical Data

	1999	2000	2001	2002	2003
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LEVELS IN THOUSANDS POPULATION

Total population	2,802.8	2,854.0	2,912.1	2,959.6	3,001.3
Annual percentage change	1.9%	1.8%	2.0%	1.6%	1.4%

HOUSEHOLD EMPLOYMENT

Labor Force	1471.7	1499.6	1528.2	1547.9	1575.6
Total Employment	1432.7	1461.6	1481.8	1482.5	1515.9
Total Unemployment	39.0	38.1	46.5	64.0	59.7
Unemployment Rate	2.6%	2.5%	3.0%	4.1%	3.8%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	1,345.2	1,388.9	1,413.7	1,403.7	1,425.5
Goods Producing	286.3	294.3	289.8	270.6	265.1
Natural Resources & Mining	0.8	0.6	0.6	0.6	0.5
Construction	72.2	77.0	80.7	79.2	82.5
Manufacturing	213.3	216.7	208.5	190.8	182.1
Durable Goods	151.3	153.4	147.8	133.6	126.5
Nondurable Goods	62.0	63.3	60.7	57.2	55.6
Service Providing	1,058.9	1,094.5	1,123.9	1,133.1	1,160.4
Trade, Transportation & Utilities	253.8	259.1	264.4	262.5	266.9
Wholesale Trade	81.4	80.8	83.9	82.4	83.9
Retail Trade	143.7	147.8	150.1	151.4	154.7
Transportation, Warehousing & Utilities	28.6	30.4	30.4	28.7	28.3
Information	36.5	41.5	40.2	36.8	34.8
Financial Activities	100.7	100.8	105.9	110.2	121.0
Professional & Business Services	235.7	248.8	248.4	248.8	253.7
Educational & Health Services	110.3	112.8	114.6	118.4	125.0
Leisure & Hospitality	137.9	140.7	154.3	155.4	158.1
Other Services	42.9	44.2	45.2	45.9	46.9
Government	141.1	146.6	150.9	155.1	154.1

PERCENTAGE CHANGE

Total Nonfarm	3.5%	3.2%	1.8%	-0.7%	1.6%
Goods Producing	2.0%	2.8%	-1.5%	-6.6%	-2.0%
Natural Resources & Mining	-22.9%	-17.6%	-4.0%	-5.6%	-11.8%
Construction	10.7%	6.6%	4.8%	-1.9%	4.2%
Manufacturing	-0.5%	1.6%	-3.8%	-8.5%	-4.6%
Durable Goods	-1.3%	1.4%	-3.6%	-9.6%	-5.3%
Nondurable Goods	1.4%	2.1%	-4.1%	-5.7%	-2.9%
Service Providing	4.0%	3.4%	2.7%	0.8%	2.4%
Trade, Transportation & Utilities	3.1%	2.1%	2.0%	-0.7%	1.6%
Wholesale Trade	3.3%	-0.7%	3.7%	-1.7%	1.8%
Retail Trade	2.9%	2.9%	1.5%	0.9%	2.2%
Transportation, Warehousing & Utilities	3.3%	6.1%	0.0%	-5.5%	-1.6%
Information	5.5%	13.7%	-3.1%	-8.5%	-5.3%
Financial Activities	1.3%	0.1%	5.0%	4.0%	9.8%
Professional & Business Services	7.0%	5.6%	-0.2%	0.1%	2.0%
Educational & Health Services	2.4%	2.3%	1.6%	3.3%	5.5%
Leisure & Hospitality	4.6%	2.0%	9.7%	0.7%	1.7%
Other Services	1.9%	3.1%	2.2%	1.5%	2.2%
Government	3.5%	3.9%	2.9%	2.8%	-0.7%

LEVELS IN MILLIONS PERSONAL INCOME

Personal Income	93,186.5	101,280.0	106,284.5	110,469.8	115,566.8
Annual percentage change	6.3%	8.7%	4.9%	3.9%	4.6%
Per capita income (\$)	\$33,248	\$35,487	\$36,498	\$37,326	\$38,506

TAXABLE SALES

Total taxable sales	40,366.1	44,462.5	44,595.3	44,869.2	47,688.2
Year to year percentage change	8.8%	10.1%	0.3%	0.6%	6.3%

	2004e	2005f	2006f	Average Annual Change (1999-2003)(2003-2006)	
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LEVELS IN THOUSANDS

POPULATION

Total population	3040.3	3103.4	3142.4	49.6	47.0
Annual percentage change	1.4%	2.1%	1.3%	1.8%	1.6%

HOUSEHOLD EMPLOYMENT

Labor Force	1597.7	1630.8	1651.3	26.0	25.2
Total Employment	1543.3	1578.6	1595.2	20.8	26.4
Total Unemployment	54.3	52.2	56.1	5.2	-1.2
Unemployment Rate	3.4%	3.2%	3.4%	0.3%	-0.1%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	1,429.9	1,456.9	1,487.2	20.1	20.6
Goods Producing	267.9	271.4	279.2	-5.3	4.7
Natural Resources & Mining	0.5	0.5	0.5	-0.1	0.0
Construction	86.6	89.4	92.7	2.6	3.4
Manufacturing	180.8	181.4	186.0	-7.8	1.3
Durable Goods	125.9	125.9	130.0	-6.2	1.2
Nondurable Goods	54.9	55.5	55.9	-1.6	0.1
Service Providing	1,162.0	1,185.5	1,208.0	25.4	15.9
Trade, Transportation & Utilities	265.2	270.1	275.7	3.3	2.9
Wholesale Trade	82.9	84.2	86.9	0.6	1.0
Retail Trade	154.2	157.2	159.7	2.7	1.7
Transportation, Warehousing & Utilities	28.1	28.7	29.1	-0.1	0.3
Information	33.5	33.7	34.4	-0.4	-0.1
Financial Activities	125.2	127.9	131.3	5.1	3.4
Professional & Business Services	252.8	257.3	262.2	4.5	2.8
Educational & Health Services	125.0	127.9	131.4	3.7	2.1
Leisure & Hospitality	161.6	168.1	170.9	5.0	4.3
Other Services	47.3	47.7	48.1	1.0	0.4
Government	151.5	152.9	154.1	3.2	0.0

PERCENTAGE CHANGE

Total Nonfarm	0.3%	1.9%	2.1%	1.5%	1.4%
Goods Producing	1.1%	1.3%	2.9%	-1.9%	1.8%
Natural Resources & Mining	0.0%	0.9%	0.1%	-8.5%	0.3%
Construction	5.0%	3.3%	3.7%	3.5%	4.1%
Manufacturing	-0.7%	0.3%	2.5%	-3.7%	0.7%
Durable Goods	-0.5%	0.0%	3.2%	-4.1%	0.9%
Nondurable Goods	-1.2%	1.0%	0.8%	-2.6%	0.2%
Service Providing	0.1%	2.0%	1.9%	2.4%	1.4%
Trade, Transportation & Utilities	-0.6%	1.8%	2.1%	1.3%	1.1%
Wholesale Trade	-1.2%	1.6%	3.1%	0.8%	1.2%
Retail Trade	-0.3%	1.9%	1.6%	1.9%	1.1%
Transportation, Warehousing & Utilities	-0.6%	2.1%	1.6%	-0.3%	1.0%
Information	-3.9%	0.7%	2.2%	-1.1%	-0.4%
Financial Activities	3.5%	2.1%	2.7%	5.0%	2.8%
Professional & Business Services	-0.4%	1.8%	1.9%	1.9%	1.1%
Educational & Health Services	0.0%	2.3%	2.7%	3.3%	1.7%
Leisure & Hospitality	2.2%	4.0%	1.7%	3.7%	2.7%
Other Services	0.8%	0.9%	0.8%	2.3%	0.9%
Government	-1.7%	0.9%	0.8%	2.3%	0.0%

LEVELS IN MILLIONS

PERSONAL INCOME

Personal Income	122,879.5	130,109.7	137,755.5	5,595.1	7,396.3
Annual percentage change	5.1%	5.9%	6.2%	6.0%	6.4%
Per capita income (\$)	\$40,417	\$41,925	\$43,837	\$1,314	\$1,777

TAXABLE SALES

Total taxable sales	50,072.6	52,926.8	55,943.6	1,830.5	2,751.8
Year to year percentage change	5.0%	5.7%	5.7%	4.5%	5.8%

e=estimate, f=forecast.

Orange County
Forecast

Regional
Economic
Forecast



CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Riverside/
San Bernardino
Counties
Historical Data

	1999	2000	2001	2002	2003
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LEVELS IN THOUSANDS POPULATION

Total population	3,197.80	3,273.50	3,384.20	3,499.00	3,628.00
Annual percentage change	2.6%	2.4%	3.4%	3.4%	3.7%

HOUSEHOLD EMPLOYMENT

Labor Force	1450.5	1507.9	1562.3	1639.7	1688.3
Total Employment	1376.5	1430.8	1484.1	1543.4	1588.7
Total Unemployment	74.1	77.1	78.2	96.3	99.6
Unemployment Rate	5.1%	5.1%	5.0%	5.9%	5.9%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	939.0	988.4	1,029.7	1,063.7	1,087.7
Goods Producing	188.7	202.2	208.7	208.1	212.6
Natural Resources & Mining	1.7	2.0	1.7	1.7	1.6
Construction	71.7	80.1	88.4	90.9	97.5
Manufacturing	115.3	120.1	118.6	115.4	113.5
Durable Goods	83.0	85.6	84.1	82.0	80.6
Nondurable Goods	32.3	34.5	34.4	33.4	32.9
Service Providing	750.7	786.9	821.6	856.2	875.4
Trade, Transportation & Utilities	201.4	212.2	219.4	225.4	233.0
Wholesale Trade	34.9	38.3	41.6	41.9	43.8
Retail Trade	121.8	127.4	132.2	137.5	141.7
Transportation, Warehousing & Utilities	44.8	46.4	45.6	46.0	47.5
Information	12.8	12.9	14.6	14.1	13.8
Financial Activities	34.8	34.8	38.2	39.5	42.1
Professional & Business Services	89.4	97.0	101.7	106.8	113.1
Educational & Health Services	99.7	102.2	106.0	112.4	115.3
Leisure & Hospitality	95.8	100.8	104.4	107.2	108.3
Other Services	33.6	35.0	37.1	38.1	38.4
Government	183.1	192.1	200.2	212.7	211.4

PERCENTAGE CHANGE

Total Nonfarm	6.4%	5.3%	4.2%	3.3%	2.3%
Goods Producing	10.0%	7.2%	3.2%	-0.3%	2.2%
Natural Resources & Mining	18.1%	16.3%	-14.0%	3.5%	-7.7%
Construction	17.6%	11.8%	10.4%	2.8%	7.2%
Manufacturing	5.7%	4.2%	-1.3%	-2.6%	-1.7%
Durable Goods	5.3%	3.1%	-1.7%	-2.5%	-1.7%
Nondurable Goods	6.6%	7.1%	-0.4%	-2.9%	-1.6%
Service Providing	5.6%	4.8%	4.4%	4.2%	2.2%
Trade, Transportation & Utilities	5.3%	5.3%	3.4%	2.7%	3.4%
Wholesale Trade	5.4%	10.0%	8.5%	0.8%	4.5%
Retail Trade	4.9%	4.6%	3.8%	4.0%	3.0%
Transportation, Warehousing & Utilities	6.7%	3.6%	-1.7%	0.7%	3.3%
Information	3.4%	0.5%	13.1%	-3.3%	-2.1%
Financial Activities	5.5%	0.0%	9.7%	3.4%	6.6%
Professional & Business Services	9.5%	8.5%	4.8%	5.0%	5.9%
Educational & Health Services	3.5%	2.5%	3.8%	6.0%	2.6%
Leisure & Hospitality	5.5%	5.3%	3.6%	2.7%	1.0%
Other Services	9.2%	3.9%	6.1%	2.7%	0.9%
Government	4.9%	4.9%	4.2%	6.2%	-0.6%

LEVELS IN MILLIONS PERSONAL INCOME

Personal Income	70,927.7	76,680.8	80,841.9	83,969.7	87,870.7
Annual percentage change	6.1%	8.1%	5.4%	3.9%	4.6%
Per capita income (\$)	\$22,180	\$23,425	\$23,888	\$23,998	\$24,220

TAXABLE SALES

Total taxable sales	31,864.3	35,864.9	37,915.7	40,348.5	41,088.6
Year to year percentage change	13.2%	12.6%	5.7%	6.4%	1.8%

	2004e	2005f	2006f	Average Annual Change (1999-2003)(2003-2006)	
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LEVELS IN THOUSANDS

POPULATION

Total population	3,711.44	3,769.45	3,851.42	107.6	74.5
Annual percentage change	2.30%	1.56%	2.17%	3.4%	2.1%

HOUSEHOLD EMPLOYMENT

Labor Force	1736.2	1796.6	1805.8	59.4	39.2
Total Employment	1637.2	1696.0	1704.6	53.1	38.6
Total Unemployment	99.0	100.6	101.1	6.4	0.5
Unemployment Rate	5.7%	5.6%	5.6%	0.2%	-0.1%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	1,110.2	1,147.2	1,190.7	37.2	34.3
Goods Producing	214.2	218.7	228.1	6.0	5.2
Natural Resources & Mining	1.5	1.5	1.5	0.0	0.0
Construction	98.6	101.4	106.6	6.4	3.0
Manufacturing	114.1	115.9	120.1	-0.4	2.2
Durable Goods	80.8	82.1	85.1	-0.6	1.5
Nondurable Goods	33.2	33.8	35.0	0.2	0.7
Service Providing	896.1	928.5	962.6	31.2	29.1
Trade, Transportation & Utilities	241.0	250.2	260.2	7.9	9.1
Wholesale Trade	44.0	46.0	47.7	2.2	1.3
Retail Trade	147.6	153.2	159.2	5.0	5.8
Transportation, Warehousing & Utilities	49.4	51.1	53.3	0.7	1.9
Information	13.2	13.3	13.5	0.2	-0.1
Financial Activities	43.0	44.7	46.6	1.8	1.5
Professional & Business Services	119.0	125.8	131.9	5.9	6.3
Educational & Health Services	117.1	122.1	127.9	3.9	4.2
Leisure & Hospitality	113.5	118.3	122.1	3.1	4.6
Other Services	38.4	39.6	40.5	1.2	0.7
Government	210.9	214.5	219.8	7.1	2.8

PERCENTAGE CHANGE

Total Nonfarm	2.1%	3.3%	3.8%	4.0%	3.2%
Goods Producing	0.7%	2.1%	4.3%	3.2%	2.4%
Natural Resources & Mining	-8.7%	0.8%	-1.3%	-1.1%	-3.1%
Construction	1.2%	2.8%	5.1%	9.0%	3.1%
Manufacturing	0.5%	1.6%	3.6%	-0.4%	1.9%
Durable Goods	0.2%	1.6%	3.7%	-0.7%	1.9%
Nondurable Goods	1.1%	1.7%	3.5%	0.5%	2.1%
Service Providing	2.4%	3.6%	3.7%	4.2%	3.3%
Trade, Transportation & Utilities	3.4%	3.8%	4.0%	3.9%	3.9%
Wholesale Trade	0.4%	4.5%	3.6%	6.4%	2.9%
Retail Trade	4.2%	3.8%	3.9%	4.1%	4.1%
Transportation, Warehousing & Utilities	4.0%	3.3%	4.4%	1.5%	4.1%
Information	-4.2%	0.4%	1.3%	1.9%	-0.8%
Financial Activities	2.1%	3.9%	4.3%	5.3%	3.6%
Professional & Business Services	5.1%	5.7%	4.9%	6.6%	5.5%
Educational & Health Services	1.6%	4.3%	4.8%	3.9%	3.7%
Leisure & Hospitality	4.8%	4.3%	3.2%	3.3%	4.3%
Other Services	-0.1%	3.2%	2.2%	3.6%	1.8%
Government	-0.2%	1.7%	2.5%	3.9%	1.3%

LEVELS IN MILLIONS

PERSONAL INCOME

Personal Income	92,467.2	98,058.8	103,941.4	4,235.8	3,381.2
Annual percentage change	5.2%	6.0%	6.0%	6.0%	3.8%
Per capita income (\$)	\$24,914	\$26,014	\$26,988	\$510	\$410

TAXABLE SALES

Total taxable sales	43,184.1	46,077.4	49,395.0	2,306.1	2,768.8
Year to year percentage change	5.1%	6.7%	7.2%	7.2%	6.7%

e=estimate, f=forecast.

Riverside/
San Bernardino
Counties
Forecast

Regional
Economic
Forecast



CSUF ECONOMIC FORECAST FOR THE SOUTHERN CALIFORNIA COUNTIES

Ventura County
Historical Data

	1999	2000	2001	2002	2003
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LEVELS IN THOUSANDS POPULATION

Total population	742.8	757.1	773.1	788.2	799.2
Annual percentage change	1.9%	1.9%	2.1%	2.0%	1.4%

HOUSEHOLD EMPLOYMENT

Labor Force	397.4	409.1	414.7	424.4	430.3
Total Employment	378.4	390.6	395.7	401.3	407.7
Total Unemployment	19.0	18.5	19.0	23.0	22.7
Unemployment Rate	4.8%	4.5%	4.6%	5.4%	5.3%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	263.6	275.0	279.9	281.8	283.6
Goods Producing	55.7	58.8	58.3	55.4	55.3
Natural Resources & Mining	1.7	2.0	1.7	1.7	1.6
Construction	14.7	15.5	16.1	15.7	16.6
Manufacturing	39.3	41.4	40.5	38.0	37.1
Durable Goods	26.1	27.8	26.6	24.9	24.0
Nondurable Goods	13.3	13.5	13.9	13.1	13.0
Service Providing	208.6	217.3	222.6	227.5	229.4
Trade, Transportation & Utilities	46.9	49.7	50.8	51.6	51.9
Wholesale Trade	9.4	10.3	11.0	11.7	11.9
Retail Trade	32.1	33.8	33.8	34.2	34.4
Transportation, Warehousing & Utilities	5.4	5.6	5.9	5.8	5.6
Information	8.2	7.9	8.4	8.1	7.1
Financial Activities	16.1	16.7	19.7	22.2	23.4
Professional & Business Services	36.6	39.6	37.2	36.6	36.6
Educational & Health Services	24.0	24.2	25.3	26.3	27.9
Leisure & Hospitality	23.5	25.2	26.6	27.2	27.5
Other Services	9.5	9.7	9.6	10.2	10.5
Government	43.9	44.3	45.1	45.3	44.6

PERCENTAGE CHANGE

Total Nonfarm	4.5%	4.3%	1.8%	0.7%	0.6%
Goods Producing	6.0%	5.6%	-0.9%	-4.9%	-0.3%
Natural Resources & Mining	18.1%	16.3%	-14.0%	3.5%	-7.7%
Construction	11.8%	5.4%	3.7%	-2.3%	5.6%
Manufacturing	3.6%	5.2%	-2.0%	-6.3%	-2.3%
Durable Goods	0.8%	6.7%	-4.4%	-6.3%	-3.5%
Nondurable Goods	9.6%	2.1%	2.8%	-6.2%	-0.2%
Service Providing	4.3%	4.2%	2.4%	2.2%	0.8%
Trade, Transportation & Utilities	3.7%	5.9%	2.1%	1.7%	0.5%
Wholesale Trade	5.5%	9.5%	6.6%	6.0%	1.5%
Retail Trade	3.7%	5.3%	0.0%	1.1%	0.8%
Transportation, Warehousing & Utilities	1.3%	3.1%	6.7%	-2.4%	-3.3%
Information	14.9%	-3.3%	5.7%	-3.4%	-12.5%
Financial Activities	10.2%	3.5%	17.7%	13.1%	5.0%
Professional & Business Services	4.1%	8.2%	-6.1%	-1.5%	0.0%
Educational & Health Services	2.7%	1.0%	4.7%	3.8%	6.2%
Leisure & Hospitality	5.4%	7.3%	5.4%	2.5%	1.0%
Other Services	3.0%	2.8%	-1.0%	5.4%	3.3%
Government	2.0%	0.9%	1.7%	0.3%	-1.5%

LEVELS IN MILLIONS PERSONAL INCOME

Personal Income	22,128.2	24,197.0	24,828.2	26,210.9	27,553.8
Annual percentage change	7.3%	9.3%	2.6%	5.6%	5.1%
Per capita income (\$)	\$29,790	\$31,960	\$32,115	\$33,254	\$34,477

TAXABLE SALES

Total taxable sales	8,339.2	9,096.1	9,533.0	9,803.5	10,126.9
Year to year percentage change	11.6%	9.1%	4.8%	2.8%	3.3%

	2004e	2005f	2006f	Average Annual Change (1999-2003)(2003-2006)	
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LEVELS IN THOUSANDS

POPULATION

Total population	809.6	821.0	831.2	14.1	10.7
Annual percentage change	1.3%	1.4%	1.2%	1.9%	1.3%

HOUSEHOLD EMPLOYMENT

Labor Force	437.8	446.1	444.1	8.2	4.6
Total Employment	416.8	424.2	423.7	7.3	5.3
Total Unemployment	21.0	21.9	20.4	0.9	-0.7
Unemployment Rate	4.8%	4.9%	4.6%	0.1%	-0.2%

WAGE & SALARY EMPLOYMENT

Total Nonfarm	284.0	289.4	294.6	5.0	3.6
Goods Producing	56.1	57.3	59.4	-0.1	1.4
Natural Resources & Mining	1.6	1.6	1.6	0.0	0.0
Construction	17.7	18.2	18.7	0.5	0.7
Manufacturing	36.9	37.5	39.0	-0.6	0.7
Durable Goods	23.4	23.4	24.4	-0.5	0.1
Nondurable Goods	13.5	14.0	14.6	-0.1	0.5
Service Providing	227.8	232.1	235.2	5.2	1.9
Trade, Transportation & Utilities	51.9	53.2	54.3	1.2	0.8
Wholesale Trade	11.9	12.5	12.9	0.6	0.3
Retail Trade	34.3	35.0	35.8	0.6	0.5
Transportation, Warehousing & Utilities	5.6	5.6	5.6	0.1	0.0
Information	6.5	6.4	6.1	-0.3	-0.3
Financial Activities	22.8	23.5	24.2	1.8	0.3
Professional & Business Services	37.4	38.3	39.0	0.0	0.8
Educational & Health Services	28.5	29.4	29.7	1.0	0.6
Leisure & Hospitality	27.5	28.1	28.9	1.0	0.5
Other Services	10.4	10.8	11.0	0.3	0.2
Government	42.9	42.4	41.9	0.2	-0.9

PERCENTAGE CHANGE

Total Nonfarm	0.1%	1.9%	1.8%	1.9%	1.3%
Goods Producing	1.6%	2.1%	3.6%	-0.2%	2.5%
Natural Resources & Mining	0.1%	0.8%	-1.3%	-1.1%	-0.1%
Construction	6.7%	3.1%	2.7%	3.2%	4.3%
Manufacturing	-0.6%	1.6%	4.2%	-1.4%	1.8%
Durable Goods	-2.8%	0.4%	4.2%	-1.9%	0.5%
Nondurable Goods	3.5%	3.8%	4.3%	-0.4%	4.0%
Service Providing	-0.7%	1.9%	1.4%	2.5%	0.8%
Trade, Transportation & Utilities	0.0%	2.5%	2.1%	2.6%	1.6%
Wholesale Trade	0.7%	4.7%	3.1%	6.4%	2.9%
Retail Trade	-0.3%	2.1%	2.1%	1.8%	1.3%
Transportation, Warehousing & Utilities	0.0%	0.6%	0.1%	1.0%	0.2%
Information	-7.8%	-2.4%	-3.5%	-3.4%	-4.4%
Financial Activities	-2.4%	3.1%	2.9%	11.2%	1.2%
Professional & Business Services	2.1%	2.5%	1.9%	0.0%	2.2%
Educational & Health Services	2.0%	3.2%	1.1%	4.1%	2.2%
Leisure & Hospitality	0.0%	2.3%	2.7%	4.3%	1.7%
Other Services	-0.4%	3.5%	1.7%	2.7%	1.6%
Government	-3.9%	-1.1%	-1.1%	0.4%	-2.0%

LEVELS IN MILLIONS

PERSONAL INCOME

Personal Income	29,265.7	30,958.8	32,720.8	1,356.4	1,722.3
Annual percentage change	6.2%	5.8%	5.7%	6.1%	6.3%
Per capita income (\$)	\$36,149	\$37,707	\$39,365	\$1,172	\$1,629

TAXABLE SALES

Total taxable sales	10,729.1	11,259.7	11,828.4	446.9	567.2
Year to year percentage change	5.9%	4.9%	5.1%	5.4%	5.6%

e=estimate, f=forecast.

Ventura County
Forecast

Regional
Economic
Forecast







Regional Economic Forecast for Southern California 2005-2006

COUNTY FORECAST TABLES

California State University, Long Beach

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CSULB ECONOMIC
FORECAST FOR
THE SOUTHERN
CALIFORNIA
COUNTIES

Los Angeles County
Historical Data

	1999	2000	2001	2002	2003
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	130,308	135,042	140,633	138,167	137,217
Durable Manufacturing	352,342	341,850	325,358	299,325	277,483
Nondurable Manufacturing	271,908	269,475	252,533	235,467	222,533
Wholesale Trade	217,642	219,133	219,417	217,300	214,367
Retail Trade	380,675	391,267	394,808	398,158	399,533
Transportation, Warehousing & Utilities	172,175	174,358	175,550	167,192	163,250
Information	236,233	242,625	226,258	207,300	198,792
Financial Activities	220,983	218,733	228,942	232,592	239,783
Professional & Business Services	584,967	598,158	587,983	575,025	568,442
Educational & Health Services	401,792	416,225	432,175	450,408	460,300
Leisure & Hospitality Services	335,758	344,317	348,500	354,225	363,458
Other Services	136,500	139,667	143,150	145,575	145,808
Federal Government	57,075	57,933	54,350	54,142	55,483
State & Local Government	504,567	523,317	543,917	551,908	543,683
Total Nonfarm Employment	4,002,925	4,072,100	4,073,575	4,026,783	3,990,133

YEAR-TO-YEAR % CHANGE					
Construction & Mining	6.4%	3.6%	4.1%	-1.8%	-0.7%
Durable Manufacturing	-3.3%	-3.0%	-4.8%	-8.0%	-7.3%
Nondurable Manufacturing	-2.4%	-0.9%	-6.3%	-6.8%	-5.5%
Wholesale Trade	0.9%	0.7%	0.1%	-1.0%	-1.3%
Retail Trade	1.7%	2.8%	0.9%	0.8%	0.3%
Transportation, Warehousing & Utilities	2.6%	1.3%	0.7%	-4.8%	-2.4%
Information	10.1%	2.7%	-6.7%	-8.4%	-4.1%
Financial Activities	1.2%	-1.0%	4.7%	1.6%	3.1%
Professional & Business Services	0.0%	2.3%	-1.7%	-2.2%	-1.1%
Educational & Health Services	1.8%	3.6%	3.8%	4.2%	2.2%
Leisure & Hospitality Services	1.3%	2.5%	1.2%	1.6%	2.6%
Other Services	1.2%	2.3%	2.5%	1.7%	0.2%
Federal Government	1.7%	1.5%	-6.2%	-0.4%	2.5%
State & Local Government	4.1%	3.7%	3.9%	1.5%	-1.5%
Total Nonfarm Employment	1.5%	1.7%	0.0%	-1.1%	-0.9%

TAXABLE SALES (IN THOUSANDS)	97,316,828	106,673,534	107,426,692	108,753,064	112,609,311
Percentage Change	7.9%	9.6%	0.7%	1.2%	3.5%

BUILDING PERMITS (SINGL.-FAM. RESID.)	7,658	8,398	8,181	8,212	10,216
Percentage Change	11.2%	9.7%	-2.6%	0.4%	24.4%

	2004e	2005f	2006f	Average Annual Change (1999-2003)	(2003-2006)
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WAGE AND SALARY EMPLOYMENT

Construction & Mining	137,243	141,877	148,120	1,727	3,634
Durable Manufacturing	272,522	273,457	273,574	-18,715	-1,303
Nondurable Manufacturing	210,983	205,010	205,795	-12,344	-5,579
Wholesale Trade	213,447	212,247	211,383	-819	-995
Retail Trade	408,098	417,527	423,492	4,715	7,986
Transportation, Warehousing & Utilities	164,231	167,649	170,319	-2,231	2,356
Information	201,641	209,622	216,252	-9,360	5,820
Financial Activities	243,252	248,343	254,087	4,700	4,768
Professional & Business Services	585,415	599,250	612,069	-4,131	14,543
Educational & Health Services	469,897	476,651	484,591	14,627	8,097
Leisure & Hospitality Services	380,393	395,188	413,988	6,925	16,843
Other Services	145,508	147,236	149,905	2,327	1,366
Federal Government	54,238	54,202	54,412	-398	-357
State & Local Government	533,341	531,374	535,243	9,779	-2,813
Total Nonfarm Employment	4,020,210	4,079,632	4,153,231	-3,198	54,366

Los Angeles County
Forecast

YEAR-TO-YEAR % CHANGE

Construction & Mining	0.0%	3.4%	4.4%	1.3%	2.6%
Durable Manufacturing	-1.8%	0.3%	0.0%	-5.3%	-0.5%
Nondurable Manufacturing	-5.2%	-2.8%	0.4%	-4.5%	-2.5%
Wholesale Trade	-0.4%	-0.6%	-0.4%	-0.4%	-0.5%
Retail Trade	2.1%	2.3%	1.4%	1.2%	2.0%
Transportation, Warehousing & Utilities	0.6%	2.1%	1.6%	-1.3%	1.4%
Information	1.4%	4.0%	3.2%	-4.0%	2.9%
Financial Activities	1.4%	2.1%	2.3%	2.1%	2.0%
Professional & Business Services	3.0%	2.4%	2.1%	-0.7%	2.6%
Educational & Health Services	2.1%	1.4%	1.7%	3.6%	1.8%
Leisure & Hospitality Services	4.7%	3.9%	4.8%	2.1%	4.6%
Other Services	-0.2%	1.2%	1.8%	1.7%	0.9%
Federal Government	-2.2%	-0.1%	0.4%	-0.7%	-0.6%
State & Local Government	-1.9%	-0.4%	0.7%	1.9%	-0.5%
Total Nonfarm Employment	0.8%	1.5%	1.8%	-0.1%	1.4%

TAXABLE SALES (IN THOUSANDS)	116,202,145	121,402,159	127,329,595	3,823,121	4,906,761
Percentage Change	3.2%	4.5%	4.9%	3.9%	4.4%

BUILDING PERMITS (SINGL.-FAM. RESID.)	7,790	8,360	8,770	640	-482
Percentage Change	-23.7%	7.3%	4.9%	8.4%	-4.7%

e=estimate, f=forecast.

CSULB ECONOMIC
FORECAST FOR
THE SOUTHERN
CALIFORNIA
COUNTIES

Orange County
Historical Data

	1999	2000	2001	2002	2003
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	73,000	77,600	81,283	79,750	82,983
Durable Manufacturing	151,325	153,425	147,825	133,567	126,483
Nondurable Manufacturing	61,992	63,300	60,708	57,242	55,592
Wholesale Trade	81,425	80,842	83,850	82,425	83,917
Retail Trade	143,700	147,833	150,108	151,400	154,667
Transportation, Warehousing & Utilities	28,642	30,400	30,392	28,717	28,267
Information	36,475	41,467	40,192	36,767	34,833
Financial Activities	100,742	100,833	105,908	110,175	121,000
Professional & Business Services	235,700	248,842	248,442	248,800	253,725
Educational & Health Services	110,267	112,842	114,608	118,442	124,958
Leisure & Hospitality Services	137,933	140,700	154,308	155,425	158,092
Other Services	42,867	44,192	45,183	45,858	46,875
Federal Government	12,742	12,992	12,042	11,783	11,950
State & Local Government	128,400	133,592	138,850	143,342	142,108
Total Nonfarm Employment	1,345,208	1,388,858	1,413,700	1,403,692	1,425,450

YEAR-TO-YEAR % CHANGE					
Construction & Mining	10.2%	6.3%	4.7%	-1.9%	4.1%
Durable Manufacturing	-1.3%	1.4%	-3.6%	-9.6%	-5.3%
Nondurable Manufacturing	1.4%	2.1%	-4.1%	-5.7%	-2.9%
Wholesale Trade	3.3%	-0.7%	3.7%	-1.7%	1.8%
Retail Trade	2.9%	2.9%	1.5%	0.9%	2.2%
Transportation, Warehousing & Utilities	3.3%	6.1%	0.0%	-5.5%	-1.6%
Information	5.5%	13.7%	-3.1%	-8.5%	-5.3%
Financial Activities	1.3%	0.1%	5.0%	4.0%	9.8%
Professional & Business Services	7.0%	5.6%	-0.2%	0.1%	2.0%
Educational & Health Services	2.4%	2.3%	1.6%	3.3%	5.5%
Leisure & Hospitality Services	4.6%	2.0%	9.7%	0.7%	1.7%
Other Services	1.9%	3.1%	2.2%	1.5%	2.2%
Federal Government	-3.3%	2.0%	-7.3%	-2.1%	1.4%
State & Local Government	4.2%	4.0%	3.9%	3.2%	-0.9%
Total Nonfarm Employment	3.5%	3.2%	1.8%	-0.7%	1.6%

TAXABLE SALES (IN THOUSANDS)	40,366,090	44,462,460	44,595,314	44,869,156	46,766,983
Percentage Change	8.8%	10.1%	0.3%	0.6%	4.2%

BUILDING PERMITS (SINGL.-FAM. RESID.)	7,686	6,771	5,926	6,385	5,557
Percentage Change	4.3%	-11.9%	-12.5%	7.7%	-13.0%

	2004e	2005f	2006f	Average Annual Change (1999-2003) (2003-2006)	
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WAGE AND SALARY EMPLOYMENT

Construction & Mining	88,686	92,801	98,098	2,496	5,038
Durable Manufacturing	124,978	126,875	127,153	-6,210	223
Nondurable Manufacturing	53,533	53,125	54,323	-1,600	(423)
Wholesale Trade	82,868	83,744	85,676	623	587
Retail Trade	158,084	163,983	168,521	2,742	4,618
Transportation, Warehousing & Utilities	27,515	28,124	28,700	-94	144
Information	34,880	37,615	39,156	-410	1,441
Financial Activities	126,229	131,815	137,643	5,065	5,548
Professional & Business Services	254,324	262,047	270,753	4,506	5,676
Educational & Health Services	126,759	129,789	132,930	3,673	2,657
Leisure & Hospitality Services	161,663	170,383	182,916	5,040	8,275
Other Services	47,629	48,536	49,445	1,002	857
Federal Government	11,769	11,872	11,992	-198	14
State & Local Government	140,428	140,838	143,140	3,427	344
Total Nonfarm Employment	1,439,344	1,481,548	1,530,446	20,060	34,999

YEAR-TO-YEAR % CHANGE

Construction & Mining	6.9%	4.6%	5.7%	3.4%	6.1%
Durable Manufacturing	-1.2%	1.5%	0.2%	-4.1%	0.2%
Nondurable Manufacturing	-3.7%	-0.8%	2.3%	-2.6%	-0.8%
Wholesale Trade	-1.2%	1.1%	2.3%	0.8%	0.7%
Retail Trade	2.2%	3.7%	2.8%	1.9%	3.0%
Transportation, Warehousing & Utilities	-2.7%	2.2%	2.0%	-0.3%	0.5%
Information	0.1%	7.8%	4.1%	-1.1%	4.1%
Financial Activities	4.3%	4.4%	4.4%	5.0%	4.6%
Professional & Business Services	0.2%	3.0%	3.3%	1.9%	2.2%
Educational & Health Services	1.4%	2.4%	2.4%	3.3%	2.1%
Leisure & Hospitality Services	2.3%	5.4%	7.4%	3.7%	5.2%
Other Services	1.6%	1.9%	1.9%	2.3%	1.8%
Federal Government	-1.5%	0.9%	1.0%	-1.6%	0.1%
State & Local Government	-1.2%	0.3%	1.6%	2.7%	0.2%
Total Nonfarm Employment	1.0%	2.9%	3.3%	1.5%	2.5%

TAXABLE SALES (IN THOUSANDS)	48,967,966	51,754,162	54,805,685	1,600,223	2,679,567
Percentage Change	4.7%	5.7%	5.9%	4.0%	5.7%

BUILDING PERMITS (SINGL.-FAM. RESID.)	5,903	6,829	7,113	-532	519
Percentage Change	6.2%	15.7%	4.2%	-6.9%	9.3%

e=estimate, f=forecast.

Orange County
Forecast

CSULB ECONOMIC
FORECAST FOR
THE SOUTHERN
CALIFORNIA
COUNTIES

Riverside/
San Bernardino
Counties
Historical Data

	1999	2000	2001	2002	2003
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WAGE AND SALARY EMPLOYMENT

Construction & Mining	73,008	81,375	89,600	92,108	98,775
Durable Manufacturing	83,017	85,575	84,142	82,000	80,625
Nondurable Manufacturing	32,258	34,542	34,408	33,417	32,867
Wholesale Trade	34,850	38,325	41,575	41,925	43,808
Retail Trade	121,775	127,400	132,208	137,525	141,692
Transportation, Warehousing & Utilities	44,800	46,425	45,642	45,958	47,483
Information	12,800	12,867	14,558	14,083	13,792
Financial Activities	34,767	34,783	38,150	39,458	42,075
Professional & Business Services	89,442	97,025	101,692	106,800	113,142
Educational & Health Services	99,717	102,167	106,033	112,358	115,258
Leisure & Hospitality Services	95,758	100,817	104,400	107,225	108,275
Other Services	33,633	34,958	37,100	38,092	38,433
Federal Government	17,475	18,183	16,850	16,892	16,983
State & Local Government	165,658	173,958	183,383	195,842	194,450
Total Nonfarm Employment	938,958	988,400	1,029,742	1,063,683	1,087,658

YEAR-TO-YEAR % CHANGE

Construction & Mining	17.1%	11.5%	10.1%	2.8%	7.2%
Durable Manufacturing	5.3%	3.1%	-1.7%	-2.5%	-1.7%
Nondurable Manufacturing	6.6%	7.1%	-0.4%	-2.9%	-1.6%
Wholesale Trade	5.4%	10.0%	8.5%	0.8%	4.5%
Retail Trade	4.9%	4.6%	3.8%	4.0%	3.0%
Transportation, Warehousing & Utilities	6.7%	3.6%	-1.7%	0.7%	3.3%
Information	3.4%	0.5%	13.1%	-3.3%	-2.1%
Financial Activities	5.5%	0.0%	9.7%	3.4%	6.6%
Professional & Business Services	9.5%	8.5%	4.8%	5.0%	5.9%
Educational & Health Services	3.5%	2.5%	3.8%	6.0%	2.6%
Leisure & Hospitality Services	5.5%	5.3%	3.6%	2.7%	1.0%
Other Services	9.2%	3.9%	6.1%	2.7%	0.9%
Federal Government	-0.2%	4.1%	-7.3%	0.2%	0.5%
State & Local Government	5.4%	5.0%	5.4%	6.8%	-0.7%
Total Nonfarm Employment	6.4%	5.3%	4.2%	3.3%	2.3%

TAXABLE SALES (IN THOUSANDS) 31,864,323 35,864,887 37,915,698 40,348,496 44,048,197

Percentage Change	13.2%	12.6%	5.7%	6.4%	9.2%
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BUILDING PERMITS (SINGL.-FAM. RESID.) 18,612 19,461 23,379 29,748 36,114

Percentage Change	13.8%	4.6%	20.1%	27.2%	21.4%
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	2004e	2005f	2006f	Average Annual Change (1999-2003) (2003-2006)	
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WAGE AND SALARY EMPLOYMENT

Construction & Mining	103,718	111,034	119,196	6,442	6,807
Durable Manufacturing	82,268	85,777	88,634	-598	2,670
Nondurable Manufacturing	33,570	35,682	39,663	152	2,266
Wholesale Trade	45,003	47,033	49,152	2,240	1,781
Retail Trade	147,213	152,927	159,088	4,979	5,799
Transportation, Warehousing & Utilities	52,464	56,115	59,232	671	3,916
Information	13,452	13,762	14,062	248	90
Financial Activities	43,945	45,778	47,923	1,827	1,949
Professional & Business Services	117,715	123,572	130,526	5,925	5,795
Educational & Health Services	117,727	121,141	124,422	3,885	3,054
Leisure & Hospitality Services	111,928	116,463	122,147	3,129	4,624
Other Services	38,388	39,406	40,516	1,200	694
Federal Government	17,155	17,360	17,585	-123	200
State & Local Government	196,410	205,098	213,898	7,198	6,483
Total Nonfarm Employment	1,120,956	1,171,147	1,226,042	37,175	46,128

YEAR-TO-YEAR % CHANGE

Construction & Mining	5.0%	7.1%	7.4%	8.8%	6.9%
Durable Manufacturing	2.0%	4.3%	3.3%	-0.7%	3.3%
Nondurable Manufacturing	2.1%	6.3%	11.2%	0.5%	6.9%
Wholesale Trade	2.7%	4.5%	4.5%	6.4%	4.1%
Retail Trade	3.9%	3.9%	4.0%	4.1%	4.1%
Transportation, Warehousing & Utilities	10.5%	7.0%	5.6%	1.5%	8.2%
Information	-2.5%	2.3%	2.2%	1.9%	0.7%
Financial Activities	4.4%	4.2%	4.7%	5.3%	4.6%
Professional & Business Services	4.0%	5.0%	5.6%	6.6%	5.1%
Educational & Health Services	2.1%	2.9%	2.7%	3.9%	2.7%
Leisure & Hospitality Services	3.4%	4.1%	4.9%	3.3%	4.3%
Other Services	-0.1%	2.7%	2.8%	3.6%	1.8%
Federal Government	1.0%	1.2%	1.3%	-0.7%	1.2%
State & Local Government	1.0%	4.4%	4.3%	4.3%	3.3%
Total Nonfarm Employment	3.1%	4.5%	4.7%	4.0%	4.2%

TAXABLE SALES (IN THOUSANDS)

	48,185,252	53,374,209	59,482,721	3,045,968	5,144,841
Percentage Change	9.4%	10.8%	11.4%	9.6%	11.7%

BUILDING PERMITS (SINGL.-FAM. RESID.)

	32,880	29,726	28,308	4,376	-2602
Percentage Change	-9.0%	-9.6%	-4.8%	23.5%	-7.2%

e=estimate, f=forecast.

Riverside/
San Bernardino
Counties
Forecast

CSULB ECONOMIC
FORECAST FOR
THE SOUTHERN
CALIFORNIA
COUNTIES

Ventura County
Historical Data

	1999	2000	2001	2002	2003
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	15,667	16,300	16,867	16,383	17,167
Durable Manufacturing	26,050	27,808	26,592	24,908	24,042
Nondurable Manufacturing	13,267	13,542	13,925	13,067	13,042
Wholesale Trade	9,433	10,333	11,017	11,675	11,850
Retail Trade	32,100	33,792	33,792	34,150	34,417
Transportation, Warehousing & Utilities	5,400	5,567	5,942	5,800	5,608
Information	8,175	7,908	8,358	8,075	7,067
Financial Activities	16,142	16,708	19,658	22,233	23,350
Professional & Business Services	36,558	39,567	37,158	36,592	36,592
Educational & Health Services	23,958	24,200	25,333	26,300	27,933
Leisure & Hospitality Services	23,475	25,192	26,550	27,225	27,492
Other Services	9,467	9,733	9,633	10,158	10,492
Federal Government	8,517	8,175	7,958	7,858	7,783
State & Local Government	35,408	36,167	37,158	37,400	36,800
Total Nonfarm Employment	263,617	274,992	279,942	281,825	283,633

YEAR-TO-YEAR % CHANGE					
Construction & Mining	8.9%	4.0%	3.5%	-2.9%	4.8%
Durable Manufacturing	0.8%	6.7%	-4.4%	-6.3%	-3.5%
Nondurable Manufacturing	9.6%	2.1%	2.8%	-6.2%	-0.2%
Wholesale Trade	5.5%	9.5%	6.6%	6.0%	1.5%
Retail Trade	3.7%	5.3%	0.0%	1.1%	0.8%
Transportation, Warehousing & Utilities	1.3%	3.1%	6.7%	-2.4%	-3.3%
Information	14.9%	-3.3%	5.7%	-3.4%	-12.5%
Financial Activities	10.2%	3.5%	17.7%	13.1%	5.0%
Professional & Business Services	4.1%	8.2%	-6.1%	-1.5%	0.0%
Educational & Health Services	2.7%	1.0%	4.7%	3.8%	6.2%
Leisure & Hospitality Services	5.4%	7.3%	5.4%	2.5%	1.0%
Other Services	3.0%	2.8%	-1.0%	5.4%	3.3%
Federal Government	-2.9%	-4.0%	-2.7%	-1.3%	-1.0%
State & Local Government	3.3%	2.1%	2.7%	0.7%	-1.6%
Total Nonfarm Employment	4.5%	4.3%	1.8%	0.7%	0.6%

TAXABLE SALES (IN THOUSANDS)	8,339,182	9,096,092	9,532,990	9,803,513	10,170,126
Percentage Change	11.6%	9.1%	4.8%	2.8%	3.7%

BUILDING PERMITS (SINGL.-FAM. RESID.)	3,662	2,995	3,157	2,228	2,268
Percentage Change	30.3%	-18.2%	5.4%	-29.4%	1.8%

	2004e	2005f	2006f	Average Annual Change (1999-2003) (2003-2006)	
WAGE AND SALARY EMPLOYMENT					
Construction & Mining	18,367	18,989	19,823	375	886
Durable Manufacturing	23,534	23,837	24,397	-502	118
Nondurable Manufacturing	13,268	13,750	14,558	-56	505
Wholesale Trade	11,853	11,900	12,133	604	94
Retail Trade	35,260	36,364	37,505	579	1,029
Transportation, Warehousing & Utilities	6,225	6,535	6,598	52	330
Information	7,409	7,718	7,815	-277	249
Financial Activities	23,320	24,287	25,388	1,802	679
Professional & Business Services	36,982	38,015	39,124	8	844
Educational & Health Services	29,218	30,423	31,738	994	1,268
Leisure & Hospitality Services	27,662	28,519	29,581	1,004	696
Other Services	10,316	10,480	10,640	256	50
Federal Government	7,668	7,684	7,809	-183	8
State & Local Government	36,122	36,914	37,322	348	174
Total Nonfarm Employment	287,204	295,415	304,430	5,004	6,932

YEAR-TO-YEAR % CHANGE					
Construction & Mining	7.0%	3.4%	4.4%	2.4%	5.2%
Durable Manufacturing	-2.1%	1.3%	2.3%	-1.9%	0.5%
Nondurable Manufacturing	1.7%	3.6%	5.9%	-0.4%	3.9%
Wholesale Trade	0.0%	0.4%	2.0%	6.4%	0.8%
Retail Trade	2.4%	3.1%	3.1%	1.8%	3.0%
Transportation, Warehousing & Utilities	11.0%	5.0%	1.0%	1.0%	5.9%
Information	4.8%	4.2%	1.3%	-3.4%	3.5%
Financial Activities	-0.1%	4.1%	4.5%	11.2%	2.9%
Professional & Business Services	1.1%	2.8%	2.9%	0.0%	2.3%
Educational & Health Services	4.6%	4.1%	4.3%	4.1%	4.5%
Leisure & Hospitality Services	0.6%	3.1%	3.7%	4.3%	2.5%
Other Services	-1.7%	1.6%	1.5%	2.7%	0.5%
Federal Government	-1.5%	0.2%	1.6%	-2.2%	0.1%
State & Local Government	-1.8%	2.2%	1.1%	1.0%	0.5%
Total Nonfarm Employment	1.3%	2.9%	3.1%	1.9%	2.4%

TAXABLE SALES (IN THOUSANDS)	10,478,306	11,091,445	11,801,371	457,736	543,749
Percentage Change	3.0%	5.9%	6.4%	5.5%	5.3%

BUILDING PERMITS (SINGL.-FAM. RESID.)	2,041	2,775	3,020	-349	251
Percentage Change	-10.0%	36.0%	8.8%	-9.5%	11.1%

e=estimate, f=forecast.

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